Argentine ministers burn the midnight oil, Page 13

Monday September 22 1986

D 8523 B

World news

Poll gives Kosmos support to French acquire leaders

French public opinion appears to be rallying strongly behind President François Mitterrand and Prime Amister Jacques Chirac, according to an opinion poll published as fresh threats of violence against

In the wake of the Paris bombings last week, the so-called Soliding last week, the so-called Soliding last week as an incommittee for the release of the market reacted to comments that the west Germany would be extended unless that west Germany would be extended unless that west Germany would be extended unless and Balaian soutial harder buth sold

France denied an accusation by a pro-Iranian group in Beirut that it was hindering the return to Paris of two Iraqi dissidents it expelled to Baghdad in February. Page 2

Soviet-Israeli talks

Israeli Prime Minister Shimon Peres is likely to delay his return from the US today to meet Soviet Foreign Minister Eduard Shevardnadze in New York.

N-safety summit

Ministers from more than 100 countries meet in Vienna on Wednesday to try to agree tighter international rules for nuclear safety following the Chernobyl disaster. Page 9

Poles defy ban

Defying warnings by the authorities to keep religion out of politics, tens of thousands of Poles demon strated support for the banned trade union Solidarity at a workers' pilgrimage attended by Lech Wale-sa in Czestochowa.

Sudan food flight

A C-130 Hercules transport chartered by relief groups is expected to fly food and medicines to the famine-stricken southern Sudan city of Malakal this week, a United Nations spokesman said in Khar-

Expatriate apathy

Only 1 per cent of expatriate Britons have registered to vote in gen-eral elections with two and a half weeks to go before the October deadline Page 8 **Bombs rock Sri Lanka**

A series of bombs set off by Tamil

separatists rocked Sri Lanka's east-ern city of Batticaloa despite the imposition of a 17-hour curfew. No-

Pardons in Iran

Ayatollah Khomeini has relaxed the rules for pardoning jailed members of opposition groups in Iran and told his designated successor that most of the women inmates in Tehran's main prison would soon

Gibraitar's fear

Gibraltar governor Sir Joshua Hassan said Gibraltarians fear being abandoned by Britain during the negotiation process with Spain about the future of the Rock.

Rubber bullets fired

Police in Pampiona fired rubber bullets and tear gas to disperse crowds protesting in the northern Spanish city against the expulsion from France of suspected Basque

Anti-Nato protest About 1,000 demonstrators daubed cars and buildings with paint as they marched to Amsterdam harbour to protest at the presence of 22

Colonel shot dead

Colonel Ramirez Diaz of the Peruvian police medical service was shot dead on a Lima street, apparently

Mansell's easy win

Britain's Nigel Mansell had a convincing victory in the Portuguese Grand Prix, putting himself within one race of the world drivers' chara-

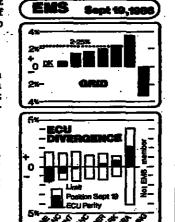
poised to Bergesen

Business summary

No. 30.038

KOSMOS, Norwegian shipping, rig-owning and industrial group, seems set to acquire the Bergesen ship-ping and industrial group in what could be Norway's largest ever takeover deal. Page 21

three prisoners held in France were and Belgian central banks both sold D-Marks in order to contain a build-



up of pressure on the weaker currencies but the Danish krone was still trading close to its lowest permitted level both against the D-Mark and in Ecu terms. The dollar's sharp fall against the D-Mark encouraged a switching out of the weaker currencies and into the D-Mark, so creating further pressure.

The chart shows the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the ling) man more more than 2% per cent. The longer chart gives each currency's diwergence from the "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

VENEZUELA will make a \$750m "down payment" to foreign banks starting in November as part of a \$21bn debt restructuring agreement signed in February, an official at the Venezuelan Finance Ministry

in Urus

WORLD BANK said in its annual report that developing countries' hopes of accelerating growth foundered in the past year as economic activity in the industrialised world slowed. They now faced a struggle to restore their economies and credit worthiness. Page 18; Details,

REGULATORY accord between US and Britain for securities and fu-tures markets is due to be unveiled tomorrow. Page 18

HUTCHISON Whampon, Hong Kong-based conglomerate, confirmed that it had purchased 4.9 per cent of the Pearson group, which owns the Financial Times, and was negotiating about acquiring several parts of the group. A full hid for Pearson was ruled out. Page. 22

SAGA Petroleum, Norwegian oil independent troubled by cash flow problems, is to seek NKr 535m (\$74m) of fresh capital from the market. Page 19

ASSICURAZIONI Generali, Italy's leading insurance group reported a 34.6 per cent increase in its 1985 consolidated net profit, to L334.2hm (\$241m). Page 19.

COCOA ASSOCIATION of Landon.

EEC urges stable \$ and prepares to defend EMS rates

By Quentin Peel and Philip Stephens in Gleneagles, Scotland

FINANCE Ministers and central bank governors of the 12 EEC mem-ber states agreed at the weekend on a united front aimed at persuading the US to stabilise the dollar's value

ternational currency markets.

The Gleneagles talks were marked by exasperation over US economic attitudes and policies, tempered by the realisation of a need for co-ordination to cope with the international economic tainty and the continuing debt cri-

The finance ministers expressed anger and dismay at last week's apparent attempt by Mr James Baker, the US Treasury Secretary, to "talk down" the dollar in response to the West German Bundesbank's refusal accounting a further set in its disto sanction a further cut in its discount rate.

Central bank governors meeting in the wings of the informal gathering at Gleneagies, the Scottish golfing resort, agreed on concerted action to defend the parities of the concerted in the explanate rate mecurrencies in the exchange rate mehanism of the European Monetary System (EMS) when the markets reopon today.

Denmark in particular was ade-

mant that there should be no deval-uation of the Danish krone, which last week fell below its lower limit

The West German Government is ready to legalise private investment in Ecus, the European currency unit, provided that other EEC states such as Italy and France make further progress in liberalising their capital movements. The assurance was given at the weekend by Mr Gerhard Stoltenberg, the West German Finance Minster, to fellow Community finance ministers. Page 3

in the exchange rate mechanism The Finance Ministers refused to bring direct pressure to bear on Bonn for an interest rate cut, as the US wishes, although some argued ment also involved an undertaking that it could be psychologically by the US Government to reduce its helpful to head off upward pressure on US rates. They were careful not to rule out action by the Bundesbank, but adamant that the decision

He declined to comment on the formula of the fo

Germany has not disappeared, but that is a matter for the German Government or, more correctly, for the Bundesbank."

Gatt includes farm trade,

services in new round

BY WILLIAM DULLFORCE AND IVO DAWNAY IN PUNTA DEL ESTE

A NEW round of multilateral trade establishment of a Trade Negotianegotiations — described yesterday tions Committee (TNC) before the as the most difficult and complex end of October. The ann is to conserver — will be launched before Deplete the new round within four

The new round of talks under the General Agreement on Tariffs and gusyan chairman, said: "We have trade (Gatt) will make a concerted opened the way for the most diffi-

atigmpt to bring agricultural trade within their scope for the first time.

The 92 Gett signatories, meeting

This weekend's successful conclu-

agreed that talks will now open on gaining over the terms of a new how to liberalise international trade round, will, it is hoped, reduce pro-

in services, to define more clearly tectionist pressures in the US Conintellectual property rights and to
seek rules on foreign investment.

Trade ministers of more than 70

At the moment the final deal was

countries agreed on Saturday to struck in the early hours of Saturcall an immediate halt to the growth in protectionism and to negotiate a reinforcement and expansion of free trade.

A ministerial declaration, ham-mered out last week, requires the EEC and a dissenting Third

overshadowed by the imminent first anniversary today of the Plaza Hotel meeting in New York, when the US, Japan, Britain, France and West Germany agreed on co-ordi-nated action to ensure an orderly fall in the value of the dollar.
One senior official said the Euro-

peans believed the US should be ready to intervene to support the dollar, along side the European central banks, if it continued to slide. Mr Lawson said after the talks that all were agreed it was "impor-tant to keep what one might loosely call the spirit of Plaza alive - that is to say, a degree of co-ordination be-tween the major countries."

He added that the Plaza agree ment also involved an undertaking

Mr Nigel Lawson, the British Chancellor of the Exchequer, and chairman of the meeting, said: "I think the possibility at some chairman of the meeting and chairman of the meeting and the company of the problems we have suffered from in the company of the problems of the possibility at some chairman of the meeting and the company of the problems of the possibility at some chairman of the company of the problems o think the possibility at some stage few days is that there has been a of a reduction in interest rates in great deal too much loose talk on Continued on Page 18

Private Ecu investment in W. Germany, Page 3; Strong words for Mr Baker, Page 16

pinged on their special interests.

The general satisfaction with the

result of five days of frenetic di-

plomacy augurs well for the new "Urugusy round", Mir Paul Cham-non, the British Trade Secretary

presiding over the EEC Ministers,

phasised that it is only now that the

parameters of the negotiations have been defined that the real

Agreement to the key ministerial

declaration, announcing the new round, came after all-night talks on

Saturday. Throughout the week, the delegates had been bogged

The new round, Page 6; Editorial comment, Page 16

Continued on Page 18

hard bargaining will begin.

US and. Moscow fail to set date for summit

By Stewart Fleming, US Editor, in Washington

MR GEORGE SHULTZ, the US Secretary of State, said yesterday that although the US believes a sumit is desirable, no date was set during his two days of talks with Mr Eduard Shevardnadze, Soviet Foreign Minister, on Friday and Saturday in Washing-

Interviewed on US television yesterday, Mr Shultz also made it clear, without explicitly spelling out the linkage, that the case of Mr Ni-cholas Daniloff, the US journalist charged in Moscow with espionage, remains a major obstacle to a summit meeting. "It is most unlikely we could have a fruitful meeting in the conditions that exist today," he

Asked what he thought Mr Shevardnadze would tell Moscow about the talks, the highest level discussions between the US and Soviet Union in 10 months, Mr Shultz said: "I assume he will tell them there is a very strong determination here that Mr Daniloff be released."

The US believes that Mr Daniloff was arrested in retaliation for the US decision to arrest Mr Gennadi Zakharov, a Soviet employee at the United Nations, and charge him with spying. In comments by Mr Shultz and Mr Shevardnadze following the two days of talks, it ap-pears that both sides are focusing increasing attention on this aspe of the case

of the case.

Mr Shultz said yesterday of the arrest of Mr Zakharov and last week's decision to order the expulsion by October 1 of 25 members of the Soviet mission to the UN that "we are not going to tolerate the use of the UN mission as a way to spy on the US."

At a process conference on Sature

At a press conference on Satur-day Mr Shevardnadze described the order as "unlawful," adding: "We World group, led by Brazil and In-dia, unanimously welcomed the out-come, claiming that compromises made during the talks had not imwill respond." Mr Shultz yes binted strongly at US retaliation in

The 14 hours of meeting between Mr Shultz and Mr Shevardnadze have done little in public anyway to dispel the confusion surrounding IS-Soviet relations at present. On the one hand, there are the nents from Stockholm and the heavy hints of progress at the arms control talks in Geneva. particularly on intermediate range missiles in Europe, which suggest a narrowing of differences on substantive issues.

Mr Shultz made it clear yester-day that in spite of the urgings of conservatives that he restrict the agenda to the Daniloff case, he had discussed a wide range of substan-

Reason hesitates to so for the his one, Page 17

He'll watch you.

East and West agree to cut risks of war

BY ROBERT MAUTHNER IN STOCKHOLM

ment on a significant series of con-fidence-building measures aimed at

The agreement will oblige particiboth from the ground and the air. itary activities, involving more than As a result, countries will not be 13,000 troops and more than 300 able to concentrate large military tanks is mandatory in the Stock-formations to threaten another bolm agreement state without prior notification or its exercise on the Polish border in take place at less than two years

plenary session today, was hailed as one of the most important break-throughs in East-West relations for many years.

Other important features of the Stockholm agreement are that it provides for both ground and aerial inspection and verification of mili-

While confidence building measures such as the notification of ma-

THIRTY FIVE nations representing for manoeuvres were contained in all the Nato, Warsaw Pact and Euthe Final Act of the Helsinki Conropean neutral and non-aligned ference on Security and Co-operaropean neutral and non-aligned ference on Security and Co-opera-countries yesterday reached agreetion in Europe in 1975, the present

agreement goes much further. The Stockholm measures are applicable to the whole of Europe from the Atlantic to the Urals while pants to give advance notice of all the Helsinki agreement, as far as manoeuvres above the level of any Moscow was concerned, overed on-army division, and, for the first ly a 250 km strip on the Soviet time, force countries to accept on-tite inspection of military activities cation 42 days in advance, of all mili-

the without prior notification or No military exercise involving tection, as the Soviet Union did in more than 75,000 troops can now notice, while at least one year's no-The agreement, which only retice must be given for exercises of mains to be formally adopted at a between 40,000 and 75,000 men.

The agreement at the Conference tary exercises and that member on Confidence And Security-Build-states are obliged to invite repreon Confidence And Security-Brild-ing Measures And Disarmament in Europa (CDE) was reached after more than two and a half years of laborious negotiations in the first major East-West security pact since the conclusion of the Salt II agree-tment on Strategic Arms Limitation in 1970 spect the military exercises in ques-

Peace hopes boosted, Page 3

Rover may offer UK car plant to Honda

BRITAIN'S state-owned Rover to go ahead with the second phase Group is considering making a of its UK assembly plant to produce plant at Cowley, Oxford, available cars at the rate of 100,000 a year by to Honda of Japan for assembly of 1991.

chief executive of the Rover Group, formerly BL, is reviewing the operation of the Austin Rover volume cars subsidiary. His review is believed to call into question the future of Austin Rover's south assembly surplus to requirements.

Mr Day disclosed part of his thinking when he told the West bly surplus at Confederation of Reitieh the Maestro and Montego models. Industry that Austin Rover would The Honda option is one possibilihave a battle to hold on to its pres-

pany using the Cowley site.

Honda has already acquired a within a couple of years.

330-acre site nearby at Swindon to establish an engine plant. Use of the Cowley assembly facilities recent experience reconcile itself to build 750,000 cars a year, must on the Cowley assembly facilities recent experience reconcile itself to build 750,000 cars a year, must on the Cowley assembly facilities recent experience reconcile itself to would give Honda a low-cost route building about 450,000. to compete against Nissan of Japan, which this month announced plans

its cars for sale in UK and other for-ropean markets.

Mr Day will want to explore all options before presenting the Rover Group corporate plan to the Gov-

ty, with Honda taking a small equient market share of 15 and 17 per ty stake either in the Rover group or in a specially created joint com-UK-based assembler to increase

steal from you.

De Larosiere will resign early

MR JACQUES de Larosière, the meetings in South Korea that air managing director of the International Monetary Fund (IMF) for the the Fund before his current term of past eight years, will amnounce his office expires in June 1988. The resignation at the annual meetings election of a conservative Mr was amnounced a year ago in Seoul resignation at the animal meetings election of a conservative are formed at the animal meetings of the IMF and World Bank next Jacques Chirac as Prime Minister—arguably a change in the leaderweek, officials confirmed yesterday.

This news immediately set off presenting the IMF head with an speculation about successors.

The head of the IMF, by tradition, is a European. The front-run—But several other factors may alter took a key role, alongside the Federal Reserve Board and other central traditions in the latter of the IMF as it took a key role, alongside the Federal Reserve Board and other central traditions. tion, is a European. The front-runners for the post are thought to be Mr Lamberto Dini, deputy governor of the Bank of Italy, and Mr Onno Ruding, the Dutch Finance Minister and chairman of the IMFs optimizer and chairman optimizer and chairman

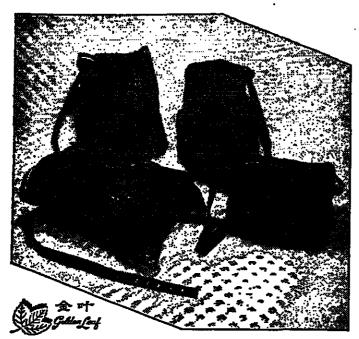
MR JACQUES de Larosiere, the meetings in South Korea that Mr Baker, US Treasury Secretary, for

as IMF managing director BY STEWART FLEMING, US EDITOR, IN WASHINGTON

ter and chairman of the last special committee. cy-making interim committee. Senior officials at informal talks petted to be difficult, and Mr de much emphasis on economic adjustment of European Community finance of European Community finance would not be long enough to allow those it has insisted on in return for its loans. which groups producers, traders and manufacturers, has invited ivo-ry Coast, the world's biggest expor-ter, to become a member. Nato warships. ministers and central bankers, held would not be long enough to allow tions it has at Gleneagles in Scotland, said that him to see the process through to its loans. He'll take your name. Mr. Ruding had emerged as an early favourite. The officials said that it was too early for governments to make a definite office to the Dutch minister, an other contenders might emerged. The world Bank, are entering a new phase in their gotiated by Mr. de Laroslere, is widely seen as signalling a shift in the case of the World Bank a new widely seen as signalling a shift in CHINA has given permission for Shanghai industrial centre to bor-row money on international finanby left-wing guerrillas. cial markets to speed growth. Guangdong Survey, Section II the case of the World Bank a new the direction of greater flexibility in as other contenders might emerge. Mr Buding's performance at the an- president, Mr Berber Conable, has IMF lending conditions, and it may We apologise to readers who did not receive Saturday's addition. This was a result of production difficulties in London. nual meetings would be watched already taken office. Given the clos- be that for this reason, too, a er co-ordination between the bank change at the top of the institution He could be standing next to you. There has been intermittent spec- and the Fund which is envisaged is seen as opportune. ulation since last year's annual under the proposal of Mr James World Renk remarks World Bank report, Page 18 CONTENTS - International 2-3, 5, 13 Editorial comment 16 Companies 19, 21 Financial Futures 38 World Trade 6 Intl. Capital Markets 18, 28, 21 Management: exploiting US: Reagan hesitates to go A CHEOUE CARD THIEF IS AFTER YOUR CARD. DON'T LET HIM GET AWAY WITH IT UK 8-10, 13 Law 12 Companies 22 Letters 17 Lex 18 Argentine economy: burning Lex: UK house borrowers MANE OF BANK Plaza accord: strong words Guangdong Editorial comment: Gatt; UK Computer services car prefixes 16 Survey Section III

Terror attacks rally public.

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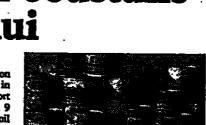
Anhui Branch of China National Cereals, Oils and Foodstuffs I/E Corp. is also active in importing technology and developing

China National Coreals, Olis & Foodstuffs I/E Corp., Anhul Branch Import and Papert Building, Jinzhai Road, Hefri, China Tel: 60484, 60368 Cable: "CEROILFOOD" Hefri Teles: 90010 AHLYS CN

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We wish to keep close contact with friends in the trade circles all over the

Italian markets fear tax

on shares

By John Wyles in Rome appears to be rallying in sup-port of both President Francois Mitterrand and Mr Jacques Chirac, the Prime Minister, in the wake of the wave of ITALIAN STOCK markets are likely to open today in a state or extreme nervousness acout trends in government fiscal policies following Friday's highly unexpected decision to tax interest paid on treasury bills and certificates,

terrorist ettacks in Paris.

Signs of closing of political ranks, coinciding with fresh threats of violence against France made in Beirut at the weekend, come in spite of lack of any concerns beachthrough. The move, which was apparently agreed within the coalition government a fortnight ago, is being seen as another political coup for Mr Bettino Craxi, the Socialist Prime Minister. of any concrete breakthrough by French police to bring to justice the authors of the past fostnight's attacks. With security stepped up visibly in railway stations and on the streets, Paris enjoyed a

Prime Minister,

Therefore on the Milan stock market, whose capitalisation has more than doubled this year, there is an urgent desire to know the Prime Minister's thinking about a capital gains tax on shares. This is the other hay tay reform at the centre of key tax reform at the centre of a clamorous campaign mounted by the Socialist and Communist parties

The market's initial fears

were reflected in its 2.77 per cent fell on Friday after news

Mr Renato Altissimo, the Liberal Party leader, said at the weekend he would be seek-ing an assurance from Mr Craxi that the government would not take aim at capital gains. Most analysts agree that the new tax, 6.25 per cent until October 1 next year and then 12.5 per cent, will not greatly affect the government's ability to finance its enormous public sector deficit.

sector deficit.
However, a key test will come
this Wednesday when the
treasury will issue L18,500m of
short-term hills. They are being
sold at nominal interest rates
which are slightly higher than
recent issues. But their after
tax yield will be no more than
29 basis points lower.
It is argued that this amounts

It is argued that this amounts to only a modest reduction in the relatively high level of Italian real interest rates of 45 per cent and should not seriously diminish the attractions of government securities.

More than 60 per cent of the
Government deficit is financed Government deficit is financed with short, medium and long-term treasury issues and around 50 per cent of government obligations are purchased by private domestic investors.

The political gain for Mr Craxi lies in the fact that having campaigned successfully for a tax, the Socialists have been made to appear the most potent force within the government.

Defence Minister, said yesterday that attacks on the 5,800-strong force drawn from eight nations were prompted by an internal struggle within the Israel in any way.

Over the weekend, Mr Shimon Peres, Israel's Prime Minister, met Mr Perez De Cuellar, the United Nations secretary-general, in New York to discuss

behind French leaders

tense but sunny and terrorist-free weekend.

Indicating that the break after the bloody bomb attack in the Montparnesse district of Paris on Wednesday might be only temporary, the so-called Solidarity Committee calling for the release of Middle East the Elysée with the Defence and Interior Ministers and the head of the French secret

Mr Chirac repeated France's determination not to give in to blackmail.

In communiques issued in Beirut, the Committee said its "fire" would be extended unless three prisoners held in France were released.

Anti-terrorist experts believe the proportions of the Beirut, the Committee said its
"fire." would be extended unless three prisoners held in France were released.

Anopinion poll at the week- adds: The Popular Front for the Liberation of Palestine public support for both France's (PFLP) of Dr George Hahash political leaders during the terrorist attacks might be planning to strike in other countries such as the US and Italy, or to extend their action to the French provinces.

President Mitterrand, who consolded with Mr Chirac immediately on his return from a state visit to Indonesia on Fritay, convoked on Saturday

To blackmail.

An opinion poll at the week- adds: The Popular Front for the Liberation of Palestine (PFLP) of Dr George Hahash political leaders during the pesterday denied allegations that it was involved in the recent Paris bombings and denounced the attacks as "arrorities."

The statement quoted Colonel Abu Ahmad Fouad, commander of the PFLP forces as denying by the Journal du Dimanche imat Abdallah had anything to denounced the attacks against Unifil in South Lebanon.

month to 57 per cent with Mr Chirac gaining seven points to 47 per cent.

Socialist Party leaders, con-sulted by Mr Chirac in an attempt to unite the nation's forces against terrorism, have on the whole been giving the Government support over the past few days.

However scapticism over the Government's security policies is likely to grow unless the police can come up shortly with firm evidence of counter-

The police still believe the family of Mr Georges Brahim Abdallah, the alleged terrorist leader held in a French jall, Annaham, she sheets terrorist leader held in a French fall, carried out recent attacks designed to secure his release, in spite of the well-publicised presence of his brothers at their home in northern Lebanon at the end of last week.

The uneasy cake in France coincides with an upsurge in tension over the French presence in Lebanon,
Louis, Fares in Damascus adds: The Popular Front for the Liberation of Palestine (PFIP) of Dr George Habash systemasy denied allegations that it was involved in the

Israel rejects UN charges

Ber Yukhak Habin, the Defence Minister, said yesterday that attacks on the 5,800-strong force drawn from eight nations were prompted by an internal struggle within the Lebanese Shi'ite community and were not connected with Israel in any way.

ISRAEL HAS angrily rejected the increasingly precarious United Nations' charges that its positions of the Unifil forces in continued presence in southern Lebanon is responsible for the region, including the deaths of Council may have to withdraw four French peacekeeping soldiers.

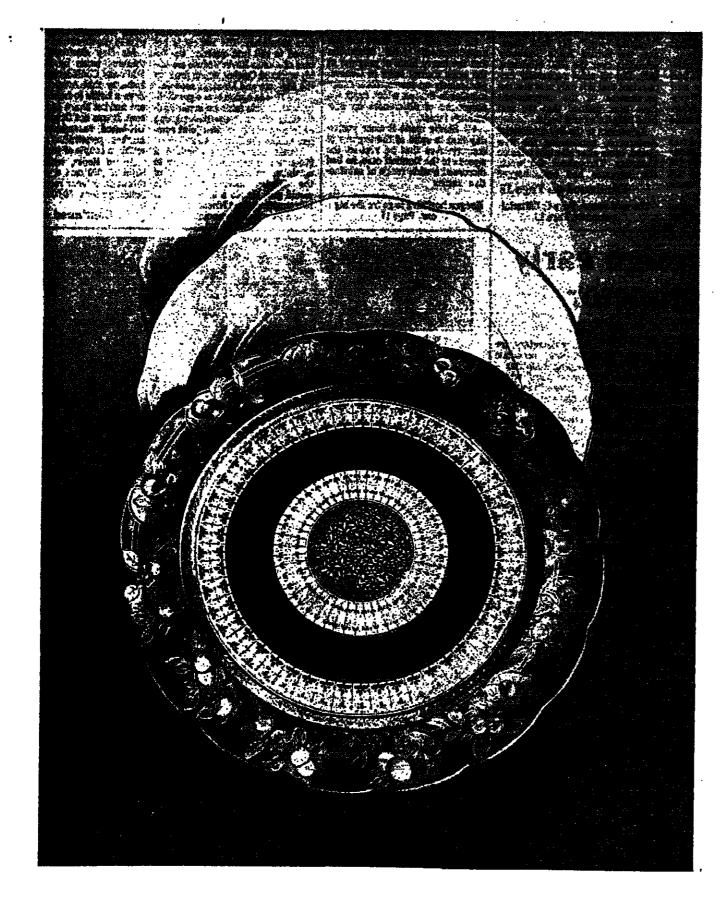
Mr Yithak Rahin, the percent peacekeeping the force—deployed in the region since March 1978—if progress were not made soon Defence Minister, said yesterday in compelling Israel to withdraw force drawn from eight nations

regular cabinet meeting in its opponents.

Jerusalem, Mr Rabin rejected or utright any possibility of larael permitting Unifil to Minister, and Mr Eduard deploy down to the border, in the "security zone" currently to occupied by Israeli forces and their allies, the South Lebanon army.

General Moshe Levy, Chief of Staff of the Israel Defence Forces, who described the UN demand as "a cover to avoid the real issue." General Levy said Unifil had become trapped to the Unification of the Levy Said Unifil had become trapped to Sa

larael is to step up its assist-ance to the SLA, to whatever levels were necessary to help the Christian Militia fight off



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Bonn ready to legalise private Ecu investment

THE WEST GERMAN GOVERN THE WEST GERMAN GOVERNMENT is ready to legalise private investment in Ecus—the European currency unit increasingly widely used for Europonds and trade transactions—provided other EEC states such as Italy and France make further progress in liberalising their capital movements. lising their capital movements.

That assurance was given at the weekend by Mr Gerhard Stoltenberg, West German Finance Minister, to his fellowcommunity Finance Ministers.

Hitherto, the West German Bundesbank has refused to sanction the Ecu for private use in the Federal Republic on the grounds that, as a basket of all the EEC currencies, the unit is effectively index-linked, and therefore banned under West German law

Mr Stokenberg's statement, confirmed by senior West German officials after the informal meeting at the golf resort of Gleneagles, Scotland, backed earlier reports that the Bundesbank directors had softened their exposition to present the the European Monetary System the occasion However, Mr Giovanni Goria, Italian Finance Minister, did make some linkage in respond-ing to the West German move. He said the Italian Government their opposition to use of the

The pre-conditions laid down by Bonn are that those member-states still maintaining restrictions on capital movements — of whom Italy and to the Lira in the EMS ments — of whom Italy and to a lesser extent france are the most important—should "make satisfactory progress towards the reduction of these restrictions," according to Mr Nigel Lawson, the British Chancellor of the Exchequer and chairman of the meeting.

Mr Stoltenberg was careful to respect the staunch independent of the Lira in the EMS and the content to more after the discipline of the EMS, he said, it would be "peculiar" if sterling were still allowed to remain outside. The 12 EEC Finance Ministers received a report from the monetary committee which warned that liberalisation would require further steps to

to respect the staunch independence of the Bundesbank, simply promising "to recombendation of the Bundesbank of the Bund simply promising "to recom-mend to the Bundesbank to mic policies. Those countries with excessive budget deficits change" the application of the law on indexation as it affects the use of the Ecu. He was not proposing to change the law

The monetary committee control.

chided that increased use of the private Ecu presented no grave problems for monetary policy. He also did not insist that the West German move be linked to the British Govern-

Socialist vote

falls in Austria

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والمسامرة

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ا المساور:

ompan

•

Swiss GDP up by 2.7 per cent

BOOMING demand for capital goods fuelled a further growth in the Swiss economy in the second quarter, according to a

Government report from Berne, reports John Wicks from

Mr Gerhard Stoltenberg

ment bringing sterling into the

(EMS), another long-standing West German demand, but not

hange rate mechanism of

AUSTRIA's ruling Socialist Party saw its vote decline sharply in elections to the Provincial Parliament of Styria revincial Parliament of Stylin yesterday, the last major test of public opinion before the general election in November, reports Patrick Blum from

Vienna.

According to preliminary results, Socialist support fell by an average of about 5 per cent to 37.6 per cent of the vote. 10 31.6 compared with 42.7 per cent in

In real terms, investments in equipment were up by as much as 16.9 per cent over the second quarter of last year. The conservative People's Party retained its absolute majority, increasing its share by 1 per cent to 51.9 per cent. The various "green" lists, standing for the first time in

the provincial elections, appear to have done best, winning about 4 per cent of the vote. PINANCIAL TIMES Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hogo, Frankfurt Main, and, as members of the Board of Directors, F. Barlow, E.A.F. McClean, G.T.S. Damer, M.C.

AF. McCleen, G.T.S. Denner, M.C. cornan, D.E.P. Palmer, London-rinter: Frankfurter-Societis-rucherei GmbH, Frankfurt/Mein. asponsible editor: C.E.P. Smith, rankfurt/Mein. Guk-Settsträsse 1, 6900 Frankfurt am Mein 1. 9 be Financial Times Ltd, 1988. FINANCIAL TIMES, USPS No. 190640, published daily except Sun-days and holidays. U.S. subscription rates \$350.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing of-fices. POSTMASTER: send address changes to FINANCIAL TIMES.



RESULTS FOR THE YEAR ENDED JUNE 30, 1986

(644) (1,194) (11.496)(1,838)US cents Earnings (lost) per share:
Before extraordinary items The deficit on extraordinary items arose from payments of US\$1,305,000 (1985: US\$1,194,000) made to De Beers Consolidated Mines Limited relating to obligations in respect of Botswanz RST Limited (BRST) and its subsidiary, BCL Limited (BCL): a provision of US\$6,100,000 against future payments, including interest of US\$1,290,000, in respect of BRST and BCL; and from a write-off of exchange losses on assets awaiting externalisation from Zambia and Zimbabwe amounting to US\$4,085,000.

The directors have not declared a dividend in respect of the financial year ended June 30, 1986.

The Corporation's principal investment is a 27.3 % interest in Zambia Consolidated Copper Mines Limited (ZCCM), whose results for the year ended March 31, 1986 are given below. No dividends were declared by ZCCM.

Copper production (tonnes) Copper sales (tonnes)

Average copper proceeds per tonne (kwacha)

Total sales (kwacha millions)

Earnings before tax (kwacha millions)

Net (loss) earnings (kwacha millions) 570.115

The annual report at June 30, 1986 will be posted to shareholders on or about October 14, 1986. Copies may be obtained from the UK Transfer Agent: Hill Samuel Registrars Limited, 6 Greencout Place, London SW1P 1PL.

UK likely to maintain contacts with ANC

By Michael Cassell, Political Correspond

THE BRITISH GOVERNM is expected to maintain its contacts with the African National Congress (ANC), the nationalist organisation which is hanned in South Africa, following the weekend meeting between Sir
Geoffrey Howe, the Foreign
Secretary, and Mr Oliver
Tambo, the ANC president,
Six Geoffrey and Mr Tambo Sir Geoffrey and Mr Tambo had two hours of talks on Saturday to discuss South Africa and ways of ending apartheid in the country. apartness in the commy.

The discussions, which were
described as "open and
candid." represented the
highest-level meeting to take
place between the British
Government and the ANC. After the talks, the Foreign Office said that a dialogue between the two sides was now expected to continue "at a variety of levels," although no commitments to any

further meetings had be has been reluctant to talk to the ANC because of its refusal to reject violence as a means of ending apartheld, although Mrs Lynda Chalker, the junior Foreign Office minister, met ANC represen-tatives in June.

tatives in June.

Mr Tambo did not see Sir Geoffrey during his two visits to southern Africa in July. The ANC leader objected to Sir Geoffrey's role as the representative of the EEC countries and said a meeting should not take place until after the Commonwealth mini-summit, which took place in London in August.

Sir Geoffrey used Safar-Sir Geoffrey used Saturday's meeting to underline the wish of British and other EEC governments to see a quick and peaceful end to apartheid. He reiterated British opposition to all-out, mandatory sanctions against South Africa and asked Mr Tambe to take a lead in call-ing for an end to violence.

The ANC leader welcomed the government's demands for the release from pristy of black leaders, including Mr Nelson Mandela, but said that violence could only end if the violence could only end it the South African government halted what was described as institutional violence and state terrorism. Anthony Robinson adds from Johannesburg: The weekend meeting between Sir Geoffrey

Howe and Mr Oliver Tambo
was greeted with a stony
official silence in Pretoria.
The South African Government's views on such talks were given by President Botha at the opening of the Transval provincial congress
of the ruling national party
on Friday night.
In a speech blaming
foreigners for stirring up " an
artificially contrived tide of

rising expectations in South Africa," Mr Botha said "nebody must labour under the illusion that they can force us into negotiations with radical elements."

1985 US\$000s

2,796 1,862

Binding Stockholm accord boosts peace hopes Robert Mauthner

Stockholm yesterday at the Security and Co-operation in 35-nation Conference on Confidence and Security-building offshoot. The most important Measures and Disarmament in provisions of the Stockholm Europe (CDE), is the first major accord are mandatory and East-West security accord since politically binding, while the 1979 when the Salt 2 strategic Helsinki measures were arms limitation treaty was voluntary.

arms limitation treaty was signed.

Though it does not include any arms control measures Europe, from the Atlantic to proper, and does not provide the Urals, while the Helsinki any absolute guarantee that agreement exempted all the future wars will be prevented. Nato and Warsaw Pact military activities will become more transparent, which is aimed at preventing armed hostilities applies to all significant military from breaking out by accident. Its provisions, which for the Europe, while the Helsinki first time provide for an obligatory system of notification were described as "major of significant military activities manoeuvres" of 25,000 troops obligatory system of notification were described as major of significant military activities and ground and aerial inspection and verification measures should also act as a deterrent to any power or group of nations wanting to prepare a war in secret.

The experience is a substant mere described as major manoeuvres of 25,000 troops and above.

Finally, the latest agreement is verifiable thanks to an effective inspection system, while the Helsinki accord did not include any verification

The agreement is a substan-tial improvement over the confidence-building measures contained in the 1975 Final Act

provisions.

The following are the main provisions of the Stockholm

spells out the details of the East-West agreement reached yesterday

• Notification: All significant military activities involving more than 13,000 troops and 300 tanks must be announced 42 days in advance, including detailed information about the scope, purpose and location of the activities and the forces states to attend military activities. involved in them.

participants are required to exchange by November 15 of each year a list of significant military activities which they intend to carry out during the coming year.

which otherwise meet the cipants reaffirmed their commitment to refrain from the threat or use of force against the territory or political independence of any state, in accordance with the coming year. • Annual calendar: All the

Activities involving 75,000 roops or more must be troops or €wo years

So-called military "alerts," states had wanted the inspect-under which troops are called ing aircraft to come from a out without notes for short neutral country.

are required to invite observers its territory in one year or to from all other participating accept more than one inspection states to attend military activities.

be in

advance. Failing this, they are prohibited. Activities involving stages and forced it to be extended, one of 75,000 should also be formula under which the announced two years in inspected state effectively has advance, but are still permitted if only one year's notice is given.

out without notice for snort periods to test their preparedness, must be notified immediately they have taken place and are subject to observation by other countries if they go on the countries if they go on the longer than 72 hours.

Any state has the right to enter the territory of another state to determine whether a military activity fails to meet the obligations of the agreement—a so-called "challenge" inspection. No state needs to allow from any other single state.

ties involving 17,000 troops and Non-use of force: The parti-which otherwise meet the cipants reaffirmed their commitverify compliance with the commitments undertaken by the participating states. The dispute over the nationality of the inspecting aircraft, which held

Canada lifts budget deficit target

Government to raise its hudget deficit target for the current fiscal year.

Mr Michael Wilson, Finance to more than 7 per cent of gross the beliwether Bank of Canada ness and civic leaders in Toronto that the deficit in the year to March 31 1987 was likely to rise from the original estimate of C\$29.5bn (£14.5bn) to about the deficit in the year and the weak target.

Wr Michael Wilson, Finance to more than 7 per cent of gross the beliwether Bank of Canada starting in November as part of apparently put an end to unsure the Venezuelan greement signed last February in New York.

Wr Wilson ruled out further than 7 per cent of gross the beliwether Bank of Canada starting in November as part of apparently put an end to unsure the Venezuelan greement signed last February in New York.

Mr Marcano's Statements starting in November as part of apparently put an end to unsure the Venezuelan greement signed last February in New York.

Mr Marcano's Statements starting in November as part of apparently put an end to unsure the Venezuelan greement signed last February in New York.

Mr Michael Wilson rules domestic product last year, is the beliwether Bank of Canada starting in November as part of apparently put an end to unsure the Venezuelan greement signed last February in New York.

Mr Jorge Marcano, Statements starting in November as part of apparently put an end to unsure the Venezuelan greement signed last February in New York.

Mr Michael Wilson ruled out further the beliwether Bank of Canada starting in November as part of apparently put an end to unsure the Venezuelan greement signed last February in New York.

Mr Marcano's Statements starting in November as part of apparently put an end to unsure the venezuelan greement signed last February in New York.

Mr Marcano's Statements starting in November as part of apparently put an end to unsure the Venezuelan greement signed last February in New York.

Mr Morcano's Statements starting in November as part of apparently put an end to unsure the production of the venezuelan greement signed last February in New York.

Mr Marcano's Statements starting

A SLOWING economy and rising official support for hard-pressed energy and grain producers have forced the Canadian The shortfall in 1985/86 was ment. The shortfall in 1985/86 was ment-

Canada's budget deficit, equal Mr Michael Wilson, Finance to more than 7 per cent of gross

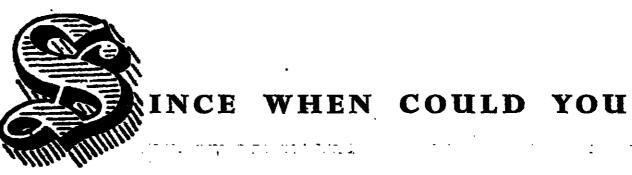
The Canadian dollar traded at around 72 US cents last week following a five-point increase in the bellwether Bank of Canada rate on Thursday to 8.63 per

Venezuela to repay \$750m principal to foreign banks

BY JOE MANN IN CARACAS

A HIGH official at Venezuela's from meetings with foreign Ministry of Finance said this bankers in New York. He also weekend that the government will make a "down payment" of \$3750m (£507m) to foreign banks starting in November as part of a \$21bn debt restructuring agreement signed last February in New York.

Mr. Marcano's statements apparently put an end to uncertainty over the Venezuelan Government's intention to actually make this principal navment in light of a reduction



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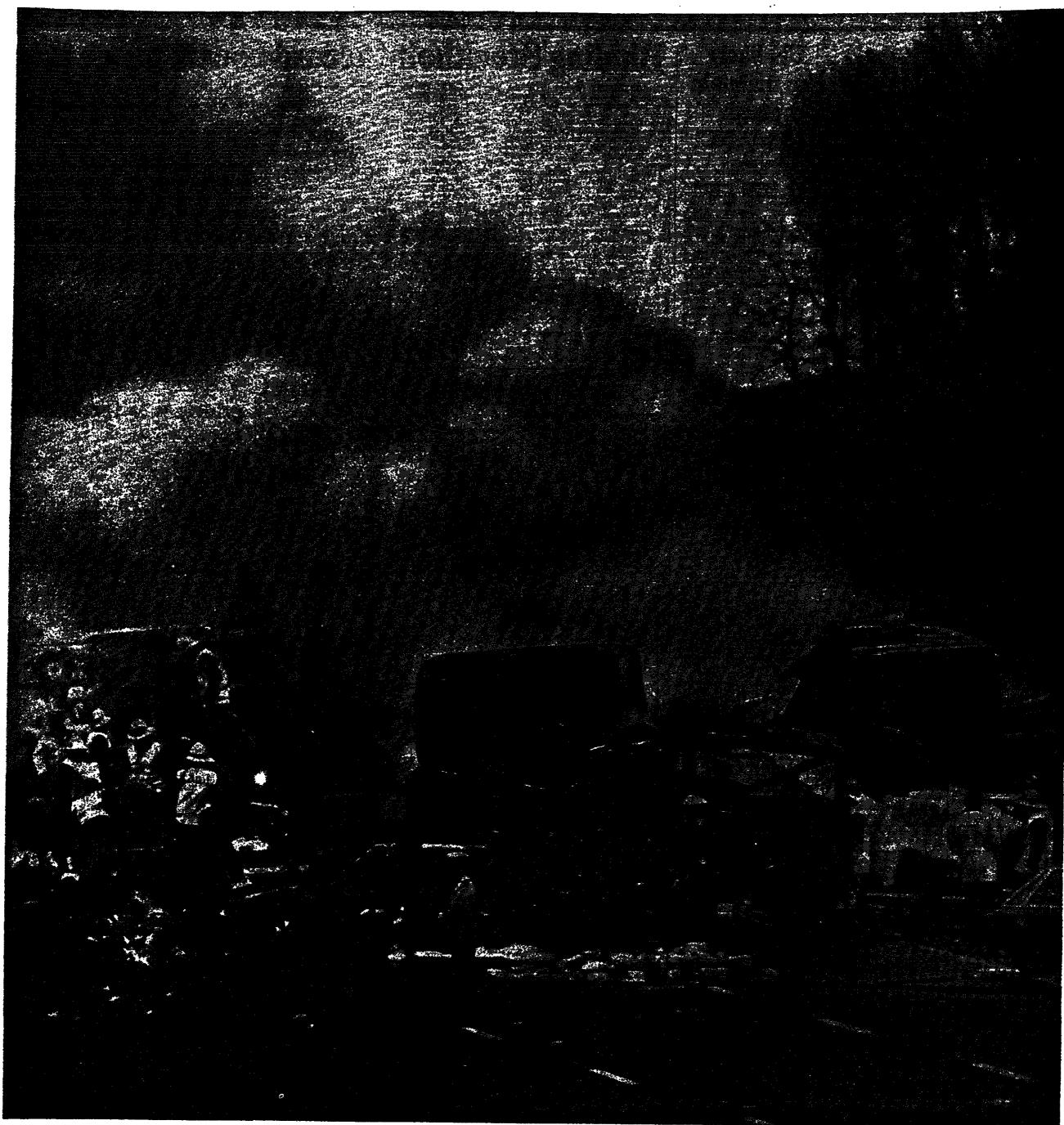
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At least 80% of all road accidents are the result of human error.

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5,165 people were killed on Britain's roads in 1985. That's 14 lives for every day of the year.

And for every single day, another 855 casualties. Yet 80% of this appalling carnage could have been avoided.

Along with 80% of the crippling financial cost, which last year topped £2,800 million.

We found these facts unacceptable, too.

As unacceptable as the traditional idea that insurance companies are powerless to do anything but clear up after the event.

That's what drove us to re-examine our role.

And that's why General Accident, with the blessings and co-operation of the Department of Transport, has embarked on a determined effort to promote Road Safety.

Because we've realised we do have a significant part to play. And if we can help to reduce that 80%, we will.

Our contribution includes major new Road Safety

Research and the introduction of educational "Interactive" Video machines for schools.

For the family, we're producing a special Road Safety book and "Roadsafe Family of the Year"-a new, annual, national competition.

And another major slice of our £2 million investment goes to enable the D.O.T. to broaden the scope of its Advertising programme.

That's for European Road Safety Year.

For next year, we have further plans in store.

For now, watch this space. And please, please, mind how you go.

General

A radical new motoring policy. For road safety. For life. Accident

Sharp rise in loans for economic sector reforms

BY PETER MONTAGNON, EL

A SHARP increase in lending to support reform in specifi-sectors of developing countries economies is revealed in the World Bank's annual report published today.

The Bank says that suc int being says that such sector adjustment loans agreed in the fiscal year to June 30 smounted to \$2.25bn (£1.55bn) for 14 per cent of its total lending, compared with \$1.5bn, or 10.3 per cent in the previous year.

Sector adjustment lending now seen as an important con tribution the Bank can mak to support the recovery process in debt-ridden developing countries, bank officials said. It is increasingly regarded as preferable to the less specific structural adjustment lending practised by the Bank in the past which tries to finance a programme for an entire economy.

Examples of sectoral adjustment loans agreed during the fiscal year include a \$500m loan to Brazit in support of agricultural reforms designed to make its agriculture credit system more market-orientated and reduce rural credit subsides as duce rural credit subsidies, as duce rural credit subsidies, as well as reforming trade and pricing policy for key agricultural commodities. Argentina also received a \$350m loan for agricultural reform, and Colombia a \$250m loan to strengthen its export industry.

Now the Bank has approved in principle a \$500m credit to Mexico to help develop its export capacity as part of that country's latest debt rescue

Developing cou	ntries' econ	omic pe	rforman	ice
	1902	1943	1984	1785
GDP growth (%)	· 2.0	2.0 4.7	5.4	4.3
Export volume growth (? Current account deficit (\$	6) –0.5 bn)	4.7	16.7	2.3
Oil Importers	64.6	414	32.2	35.0
Oil exporters Total medium and long to debt outstanding (She)	35.8 :TO	- 11,0	1.9	5.5
Oil knoorters	378.2	421.7	450.9	484.7
Oil exporters	173.8	209.9	22A.J	226.5
We	rld Bank Lending	(\$bn)		
	762 1983	(400) 1 984	1985	1984
Lours approved 16 Lours disbursed 6	1.33 11.14 1.33 6.42	11.95 8.58	11.36 8.65	13.18

One negative aspect which has emerged is that sector-lending can, even if temporarily, increase the hardship facing the poor in countries where it is applied.

where it is applied.

"There may be short-term costs for some, mostly urban, low-income groups," the report says, even if sectoral adjustment is design to replace policies with continuing costs in terms of inflation, growth, employment and social services. Nonetheless the Bank says it regards sectoral adjustment as "a flexible instrument for sup-porting adjustment policies in developing countries" whose im-

sectoral adjustment and dis bursement periods will lengthen as loans increasingly finance investment components.

The Bank goes to some pains, however, to stress that its emhowever, to scress that its em-phasis on sector adjustment lending will not lead it to lose sight of its primary role as a development finance institution whose lending is tied to specific

Sector adjustment lending was specifically developed to help developing countries through the reforms necessi-tated by the difficult economic

Mexico to help develop its export capacity as part of that of between two and six years, between 10 and 15 per cent of total World Bank lending durnormally paid out in tranches ing the next three years, but gratifying aspect of the new approach is that it has aroused gress of the programme in keen interest among borrower countries themselves. But the annual report notes that the release of the second progress in a country's domestic conductes themselves. But the annual report notes that the release all up to 20 very expected to continue to run at large crude carriers (VLCCs) between 10 and 15 per cent of total World Bank lending durnormally paid out in tranches ing the next three years, but were believed to be awaiting total World Bank lending durnormal in time it is expected that "such lending will diminish as sustained reforms bring about progress in a country's domestic conducted that prices appeared to be rising with

SHIPPING REPORT Finns face tough Soviet trade talks

Dry cargo markets continue to improve

By Kevin Brown

THE IMPROVEMENT in dry cargo markets continued last both Atlantic and Pacific mar-kets for Panamax vessels—ships of 60-80,000 deadweight tonnes, able to pass through the Panama Canal.

Brokers said fixtures for these ships were being reported at up to \$5,000 (£3,387) for Pacific round voyages, with slightly less for trips to Europe. The Panamax grain rate was fixed at between \$7.30 and \$7.50 a ton for delivery from the US Gulf to Europe, and the rate for deliveries from the US Gulf to Japan was steady at around \$12-\$12.50.

The strengthening in rates which has taken place in the Panamax market over the last few weeks has not yet filtered through to the smaller "handy sized" bulk carriers of 25;000 day terrors. to 40,000 dw tonnes. Brokers said there was in-

creasing evidence of an improv-ing market for these ships on the Atlantic routes, however. A the Atlantic routes, nowever. A 24,000 dw tonnes ship was reported fixed from the lower Baltic to the eastern Mediterranean at over \$4,000 a day. consensus remains that the Bank should preserve and build on its traditional strengths, particularly in project design.

Sector adjustment lending is expected to continue to run at between 10 and 12 to run at lending the strengths are reported to continue to run at lending is expected to continue to run at lending in the Middle East Gulf.

hit Egyptian imports

EGYPT'S IMPORTS fell sharply by about \$2bn (£1.3bn) in 1985-86, according to the Inter-national Monetary Fund, Publi-

flected in Egypt's improved balance of payments figures.

These showed that in the fis-

Imports fell this year because of hard currency shortages. Government measures, such as an effective ban on the impor-tation of cars, were also a major factor.

86 totalled about \$5.7bn, compared with \$7bn the year before. In Egypt's currency markets, the open market rate of the Egyptian pound has depreciated several per cent in recent days to about REL90 to \$1.

One is to increase imports

Main features of the new regulations, which incorporate four basic categories covering banned imports plus those attracting tariffs of up to 110 per cent, are: Abolition of rationalisation

committees that imposed an additional layer of bureaucrats. A ban on 210 items, includ ing motor cars, a wide range of foodstuffs, building materials and household goods; ● Introduction of 10 tariff

scales ranging up to 110 per cent, compared with 43 previously.

CA change to the exchange rate at which Customs duties are levied from E£0.70 to \$1

to Moscow this week are likely to face their toughest-ever negotiations with their Soviet counterparts.

The reason for the bleak prospects is the effect of the decline in oil prices on the barter trade agreement between the two countries. This stipulates that exports will be balanced by imports.

Eighty per cent of Finland's imports from the Soviet Union consists of crude oil so the sharp decline in prices carve a considerable hole in the trade. When the trade agreement for 1986 was signed, crude sold at ont necestarily suit Finnish taste. Imports of raw materials is one alternative but so far, Moscow has been reluctant to sell some of the raw materials is one alternative but so far, Moscow has been reluctant to sell some of the raw materials is one alternative but so far, Moscow has been reluctant to sell some of the raw materials is one alternative but so far, Moscow has been reluctant to sell some of the raw materials is one alternative but so far, Moscow has been reluctant to sell some of the raw materials is one alternative but so far, Moscow has been reluctant to sell some of the raw materials is one alternative but so far, Moscow has been reluctant to sell some of the raw materials is one alternative but so far, Moscow has been reluctant to sell some of the raw materials is one alternative but so far, Moscow has been reluctant to sell some of the raw materials is one alternative but so far, Moscow has been reluctant to the Soviet Union may fall by as much as 40 per cent.

Finnish exporters face several possibilities, none of the trade in hard currencies, but Moscow has traditionally objected, and is likely to do so in the future because of its depleting hard currencies.

A further possibility in that a special secount should be set up to handle the aveces. Finnish companies would want. borrowing from European Another is to conduct part sources at 7 to 8 per cent.

A further possibility in that a special account should be set up to handle the excess

FINNISH TRADE officials and \$28 a barrel. Now it is less than company representatives going half that.

This year the total exports to face their toughest-ever from Finland will amount to negotiations with their Soviet

The potential stumbling block in the constraint of the surplus which is difficult because the products available do not necessarily suit Finnish taste.

The potential stumbling block to this solution is the question.

one alternative but so far, of the interest rate paid by the Moscow has been reluctant to Soviet Union. Finnish officials sell some of the raw materials now have to finance the surplus

The least satisfactory solution is to reduce Finland's exports. Some reduction is expected but officials will try to keep it to a minimum, Un-official estimates put Finland's surplus next year at anywhere between 20 and 40 per cent of

Hard-currency shortages

BY TONY WALKER IN CAIRO

national Monetary Fund, Fublication of the fund's estimates in a survey of the economy co-incided with new customs and tariff regulations aimed at rationalising a cumbersome import-export regime.

The drop is the each returns

The drop in the cash volume of imports from \$10.8bn in 1984-85 to \$8.9bn in 1985-86 was rerness snowed that in the install pear to June 1986 the over-all balance of payments deficit was about \$1bn, against \$1.6bn the year before. Egyptian ex-ports in 1985-86 totalled \$3.2bn —\$600m down on the previous

Ericsson in India deal

BY SARA WEBB, STOCKHOLM CORRESPONDENT

ERICSSON Information Systems, part of the Swedish sets.

telecommunications and electronics group, has signed a licensing agreement for the manufacture of its telephone sets in India.

over the next eight years. Ericsson Information Systems

considers this an important duction of up to 2m electronic breakthrough in the Indian push-button telephones each market as India does not per-year for the Indian market.

sets in India.

The agreement is worth an other equipment. India curestimated SKr 350m (£37m) rently has about 3.5m subscriber lines.
The licences cover the pro-

World Economic Indicators

		RETAIL PI (1980 =			% change
Germany oce y theriands glum	July 86 145.9 132.7 120.5 162.1 201.8 121.5 142.2 June 86 115.2	June 16 146.3 132.7 121.1 161.9 201.8 122.7 142.2 May 36 115.8	May 86 146.4 132.1 120.9 161.4 201.0 123.2 142.0 April 86 115.0	july 85 142.5 130.6 121.1 158.9 190.8 122.2 141.3 June 85 114.6	over previous year +2.4 +1.6 -0.5 +2.0 +5.2 -0.6 +0.6



MISSING THE INDUSTRIAL REVOLUTION WAS THE BEST THING THAT EVER HAPPENED TO THE IRISH.

with the release of the second portion being linked to the programme in question. Currently the Bank expects that see that more sectoral adjustment lending is in areas such as public enterprises and energy, and for only began to assume meaningful size three years ago. It is therefore difficult to assess the second contract of the program of the programme in question. Third World Sfringers with the release of the second portion being linked to the programme in question. Currently the Bank expects that more sectoral adjustment. "Recovery to that point is loans in areas such as public enterprises and energy, and for financial reform will be agreed. There will be a greater focus on loans supporting in-depth. Third World Sfringers **Third World Sfringers** With the release of the second portions in time it is expected that "support the area, and inquiries for these larger sized vessels for these larger sized vessels for the area, and inquiries for these larger sized vessels for the area, and inquiries for the area, and inquiries for these larger sized vessels for the area, and inquiries for the area, and inquiries for these larger sized vessels for the early expected to be raising with far almost every sale. "Recovery to that point is loans in areas such as public enterprises and energy, and for financial reform will be agreed. Therefore difficult to assess the on loans supporting in-depth America," the report says.

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE PLIGHT of poor countries

THE PLIGHT of poor countries were compounded by the lack of any visible progress towards strengthening their credit-worthiness, says the World Bank in a bleak assessment of prospects for World World Countries.

The Bank says that new long-term lending to the daveloping world lotalled around \$35hm (£23.5bm) in 1985 but those countries were obliged to repay almost \$58m in interest on outstanding loans.

The economic growth rate The economic growth rate

or neveroping countries slowed to 4.3 per cent in 1985 from 5.4 per cent the previous year. If Brazil, China and India are excluded the average was 2.4 per cent, less than half the pace of economic expansion typical before 1990.

"With deteriorating terms of trade, per capita incomes fell in most of the developing world," the World Bank, world," the World Bank, headed by Mr Barber Cenable,

increased by only 1.2 per cent and its terms of trade deterior-



South Korea, for example, which had an historical growth

rate of close to 10 per cent, saw that fall to 5 per cent in 1985,

and its terms of trade deterior but much of the benefit was an anagement of the debt probated, bringing a further fall in offset by lower prices and slack lem.

The world Bank says, the region's per capita GDP has "The volume of developing early recognised: continued and the successful strategy are now generally recognised: continued and the successful strategy are now generally recognised: continued

the World Benk says, the region's per capita GDP has fallen by 16.6 per cent.

Asian countries, which rely on manufactured exports, experienced slower emport growth which acted as a brake on the strong pace of the strong p

to 22 per cent from 20 per cent in the ratio of net long-term debt servicing payments to exports in 1985. The ratio of the value of tong-term debt to exports increased from 130 per cent to 138 per cent between 1984 and 1985.

have suffered continuous declines in per capita output and even steeper declines in per capita domestic expenditures as trade surpluses to meet interest

dangers of political and social instability in countries which have been forced into a fifth or foreign debt payments. "In some countries, political institutions have been strained

by the restrictive policies that parts of the public view as being needed only to generate repay-ments for foreign banks," the

The impact of slower growth in world trade and stagment or decilining commodity prices was felt across all regions of the developing world.

Sub-Saharan Africa's GDP increased by only 1.2 per cent of the least of the latter of trade detectors. The report says that heavily indebted Latin American countries did gain from the fall in and the World Bank, does continued its terms of trade detectors.

Daya Bay talks at critical stage

CONTROVERSY over China's plant close to its border with Hong Kong reached a critical point this weekend, as a widely-publicised with of a delegation from Hong Kong comes to an end just easy before China signs an agreement committing it irreversibly to the project. The visit by a group of Hong Kong legislative council members is a westerable of the territory's political with the \$83.50 m (\$22.50 m) nuclear Daya Bay plant, but because it is the first time Peking has formally recognised the legislative council as a group entitled to represent the views of Hong Kong sensite to the first time peking has formally recognised the legislative council as a group entitled to represent the views of Hong Kong sensite to unreaged that China plans to sit down laier this week with the plant's main contractors—framatome of France and GEC of the UK—and sign deals intended to have the 1800 megawatt succlear plant in operation early in the 1802 megawatt muclear plant in operation early in the 1802 megawatt succlear plant in operation early in the 1802 megawatt succlear plant in operation early in the 1802 megawatt succlear plant in operation early in the 1802 megawatt succlear plant in operation early in the 1802 megawatt succlear plant in operation early in the 1802 megawatt succlear plant in operation early in the 1802 megawatt succlear plant in operation early in the 1802 megawatt succlear plant in operation early in the 1802 megawatt succlear plant in operation early in the 1802 megawate successful protests the territory in Hong Kong routes a fifth of Hong Kon

You won't find many smoke-stacks, crumbling kilns or abandoned cotton-mills in Ireland-or the negative inclustrial attitudes that went with them.

Our industrial revolution coincided with the electronic age. Today, Ireland is the European base for leading companies in hi-tech and international services industriesthanks to the innovative skills and progressive attitudes of its people.

IDA Ireland

Ireland House, 150, New Bond Street, London W1Y OHD. Telephone (01) 629 5941. John Gorman, Director,

Ireland. Home of the Irish. The young Europeans.



YOUNG EUROPFANS."

GATT - LAUNCHING THE NEW ROUND

Iglesias-star performer at a difficult show

Indeed, the scale of collective describing using a unquestionably a relief that greeted the fact that star." the agreement had been reached, supported the view of the chairman, Mr Enrique Iglesias, that delegates "had just opened the most complex, the most difficult round in Gatt

of intricate bridge-building, Mr legiesias has undoubtedly enhanced his reputation in international formula of the UN.

The current incumbent, Mr Perez de Cuellar of Peru completes his term this year. Doubts over his health and The central figure in a week

country of 3m. Ensuring that a Precedent could argue that deal was reached, by no means the top UN post should stay a foregone conclusion, showed for two terms with the same

THE WARM glow of self-confidence verging on the fool-continent — in which case Mr last week's talks when his table officials won hero's laurels. The congratulation that swept the fardy. Mr Iglesias pulled it off. Iglesias, constitutionally obversely was crowded with requests for Americans, particularly Mr General Agreement on Tariffs Mr Clayton Yeutter—boundlessly Presidency by his Spanish birth, and Trade this weekend left energetic in his own right—would undoubtedly come under heavily weighted towards the paid entirely unsolicited praise perusal. to the 46-year-old Uruguayan, describing him at his final press

> such a source can do no harm to this son of an impoverished Montevideo grocer, in the light of the question-mark how hovering over the post of Secretary-General of the UN.

iglesias has undoubtedly enhanced his reputation in international formus.

Holding the conference alone was brave enough for this tiny country of 3m. Ensuring that a precedent could argue that

Mr Iplesias's curriculum vitae

-a former student in France and the US, banker, economist, and new Uruguay's finance minister—could look attractive in an era when debt and de-velopment are high on the political agenda.

He is well known in his own continent as a former executive secretary of the Santiago-based research body, the Economic Commission for Latin America. and his role in the Cartagena Group, through which he has close contacts with the UN. Despite obvious charm, Mr Iglesias did not win over every-body in Punta del Este, how-

"It was a disastrous deci-

the industrialised powers, and it was shared by many of the so-called moderate developing nations at the time. But others were not so harsh. "For someone who knew little about trade, it was a skilled negotiation—and most important, he got the right result." he said.

away the much threatened big stick and getting on with the

sion," said one experienced offi-cial. "It was only when the (British Trade Minister) Paul formidable and crudite opposi-Channon led a delegation to tion, was universally praised get his back to the original for his combination of dextroustext that the thing came back ness and pragmatism.

That was clearly one view of the industrialised powers, and twas shared by many of the co-called moderate developing taxtions at the time. But others

The Oscars for conciliation go to a strong Colombian dele-gation, and Mr Martin Bange-



Europeans together. Last, but not least, must come Mrs Yolanda Merio, the legendary proprietress of the conference hotel, who somehow kept her temper while playing hostess to 1,000 fractions delegates and everyone highly gation, and Mr Martin Bange-mann, the West German gates, each and everyone highly Finance Minister, who played a trained in the art of dispute.

Key compromises end deadlock

BY WILLIAM DULLFORCE IN PUNTA DEL ESTE

trade-liberalising round under the General Agreement on Tariffs and Trade (Gatt). One, forced upon the EEC by the US and a group of "free-

trading" farm exporting countries led by Australia, can mean that Gatt rules will finally be imposed on the grossly subsi-dised agricultural trade.

The other which resolved a protracted battle between the US and a caucus of developing countries headed by Brazil and India foreshadows an ambitious extension of Gatt's scope to in-corporate trade in services, estimated to take up 20 to 25 per cent of commercial exchanges between nations.

The final bargains struck in

the last hours of the gathering had the virtues of allowing all opponents to claim that some key interests had been met. Agriculture: EEC ministers and officials spent by far the larger part of their time in Punta del Este discussing farm trade.

They had first to settle in-ternal differences about the degree of support for France's desire to protect the Common They had first to settle interpretations of differences about the degree of support for France's desire to protect the Common Agricultural Policy export subsidies and then to come to terms with the US and the rampant "free-traders" over the terms for agriculture negotiations in the new round.

They had first to settle interpretations of differences about the degree of support for France's desire to protect the Common Agricultural Policy export subsidies and then to come to terms with the US and the rampant "free-traders" over the terms for agriculture negotiations in the new round.

The groblem concerned the wording of the paragraphs on the US was timetable.

In the Jargon, the US was —the condition it had posed for its participation. For Brazil and emanding a "single-track" one, solution while their opponents south the first poponents and the surplus of the talks will be to find ways of handling the surplus wording of the paragraphs on the US was —the condition it had posed for its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation for its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation. For Brazil and a deal similar to the one it its participation. For Brazil and its participation. For Brazil and a deal similar to the one one it its participation. For Brazil and its participation. For Brazil and its participation. For Brazil and its part

TWO crucial compromises ending disputes which had defied in the final ministerial declarance of the singling-out of export substrate ministers to learned and trade ministers to learned and trade ministers to learned and trade ministers to learned and the sides as the subject for the control of the control

sides as the subject for negotiation.

They did not want a fixed timetable for the talks, but wanted to ensure that agriculture was handled only in one negotiating group and that the pace of the farm negotiations should not be faster than that of other subjects in the pace. of other subjects in the new

Mr Clayton Yeutter, US Trade Representative, and the Austra-lians sought a clear commit-ment to negotiate the phasing-out of export subsidies over a

In the end, the convoluted and rejected by EEC Ministers. In the end, the convoluted and rejected by EEC Ministers. The difficulty was in reconciling US insistence on having use tackled in the negotiations along with "other measures" affecting farm trade.

In the end, the convoluted and rejected by EEC Ministers. The difficulty was in reconciling US insistence on having trade in services as a subject for negotiations in the new round with the developing countries' argument that Gatt was not competent to handle

with "other measures" affecting farm trade.

No timetable is mentioned except for the four-year deadline for the round as a whole, but a "phased reduction" of the subsidies and other distorting measures is to be achieved.

Ministers' interpretations of the text afterwards differed subsidies and the subsidies and other distorting measures is to be achieved.

In the jargon, the US was demanding a "timelectrick"

Trade Minister, was in no doubt that the "basic cause" of the agricultural trade crisis—the EEC's export subsidies—would be tackled. The US and Anstralia foresaw an agreemen being reached in two years.

Services: The deal over services is a vindication of the EEC Commission because it is extremely akin to the informal understanding reached in Geneva last month between Tran Van Tinb, the Community's chief negotiator there, and his Brazilian and Indian counterparts. This understand-ing was condemned by the US and rejected by EEC Ministers.



exports of goods. exports of goods.

The solution turned out to be a hybrid. The ministers, as Gatt signaturies, declared the start of a new round to deal with trade in goods, and as sovereign governments, they sovereign governments, they set in motion parallel talks on

Both sets of negotiations will be supervised by the trade negotiations committee to be set

Ministers agree tough pact on trade curbs

BY WILLIAM DULLFORCE

A STANDSTILL has been vious commitment and delibered fective since Saturday on trade protection. In their declaration launching the new round, ministers committed distorting measure. The second clause of the any trade restricting or distorting measure inconsistent with the Gatt before the end of the talks.

The Clause Ventter Issued vious commitment and delibered attempts any vious commitment and delibered attempts to extend the scope of the standstill beyond tariff restrictions to "any" restricting or distorting measure.

The second clause of the standstill undertaking even to the talks.

Mr Clayton Yeutter, US Trade Representative, immediately spread confusion over the scope of the standstill commit-ment by telling journalists just before he left that it did not apply to so-called "grey areas" of protectionism.

The "grey area" refers to the bilateral agreements such as voluntary export restraints or orderly marketing arrange-ments by which governments circumvent Gatt rules without actually breaching them.

Both sets of negotiations will be supervised by the trade negotiations committee to be set up to co-ordinate and supervise the bargaining groups in the new round.

The US can claim that services are part of the new round—the condition it had posed for its participation. For Brazil and India, two distinct negotiating processes are being under-

legitimate rights under Gatt while the new trade round is under way.

In the Gatt Secretariat's view, and certainly in that of the large majority of Gatt members, the standaill implies that there will be a four-year halt to il-legal trade protectionist mea-

seek protection under domestic US legislation will not be halted, but the US Administra-tion will have to ensure that any steps it takes to meet domestic demands conforms with Gatt

regulations.
For the EEC too, the stand-still pert implies that no fur-ther bilateral trade manaling agreements should be made with Japan. But if there is wavering on the US side about the scope of the commitment, Brussels is also likely to take an

declaration aimed at expanding free trade

of this declaration. A trade negotiations committee (TNC) is established to carry out the

meeting not later than October 31 1986. It shall meet as appropriate at Ministerial level. The Multilateral Trade Negotiations will be concluded within four years.

PART I TRADE IN GOODS Contracting parties meeting at ministerial level determined to halt and reverse protectionism and to remove distortions to trade; also to preserve the basic principles and to further the objectives of Gatt; also to develop a more open, viable and durable multilateral trading system.

Convinced that such action

Convinced that such action would promote growth and development, mindful of the negative effects of prolonged financial and monetary instability in the world economy, the indebtedness of a large number of less developed contracting parties, and con-sidering the linkage between trade, money, finance and development, decide to enter into Multilateral Trade Nego-tiations on trade in goods within the framework and under the aegis of the General Agreement

on Tariffs and Trade.
OBJECTIVES
Negotiations shall aim to:
(i) bring about further liberalisation and expansion of world trade to the benefit of all countries, especially less-developed contracting parties, including the improvement of access to markets by the reduc-tion and elimination of tariffs, quantitative restrictions and other non-tariff measures and

obstacles; In the implementation of the improve the multilateral ticular care should be given trading system based on the to avoiding disruptive effects principles and rules of the Gatt to the trade of less-developed and bring about a wider contracting parties.

(v) The developed countries and effects and enforce and effective and enforce do not the trade of less-developed.

negotiations committee (TNC) is established to carry out the MTN.

The TNC shall hold its first meeting not later than October 21 1000 Its shall meet and to contribute towards conefforts to improve the functioning of the international monetary system and the flow of financial and real investment resources to developing coun-

This is an edited version of ations; and taking account of concessions inconsistent with than by the date of the formal instability in world agricultural rules and the procedures of the the declaration agreed by changes in trade patterns and the latters' development, completion of the negotiations, markets.

MINISTERS meeting at Punta incomplete trade in high-latters agreements, undertakings and incomplete than by the date of the formal instability in world agricultural rules and the procedures of the negotiations, markets.

Negotiations shall aim to while recognising the contribution of the negotiations of the negotiations of the negotiations, markets.

Negotiations shall aim to while recognising the contribution of the negotiations of Ministers.

Ministers. Ministers.

(ii) The launching, the conduct and the implementation of the outcome of the negotiation shall be treated as parts of a single undertaking. However, agreements reached at an early stage may be implemented on a provisional or a definitive basis by agreement prior to the formal conclusion of the nego-

tiations.

(iii) Balanced concessions should be sought within broad trading areas and subjects to be negotiated in order to avoid unwarranted cross - sectoral

(iv) Contracting parties agree that the principle of differential and more favourable treatment embodied in Part IV and other relevant provisions of the General Agreement and in the decision of contracting parties of November 28 1979 on differential and more favourable treatment, reciprocity and fuller participation of developing countries applies to



Mr Paul Channon . . . formulated crucial wording on

(vii) Special attention shall be given to the particular situation and problems of the least developed countries.

Tropical products

Negotiations shall aim at the fullest liberalisation of trade in tropical products. least developed countries. ROLLBACK

Commencing immediately and continuing until formal completion of negotiations, each par-ticipant agrees to apply the

(i) Not to take any trade restrictive or distorting measure inconsistent with the provisions of the General Agreement or the Instruments negotiated within the framework of Gatt (ii) not to take any trade restrictive or distorting measure

in the legitimate exercise of its Gatt rights, that would go beyond that which is necessary to remedy specific situations, as provided for in the General Agreement and the Instruments referred to in (i) above; ferred to in (i) above; to formulate modalities that (iii) not to take any trade would permit the eventual

parcepasse concerned, including all affected participants.

(iii) there shall be no Gattconcessions required for the
elimination of these measures.

SUBJECTS FOR
NEGOTIATIONS

Tariffs

Negotiations shall aim, by
appropriate methods, to reduce
or, as apropriate, eliminate
cor elimination of high tariffs
and taniff escalation. Emphasis
shall be given to the expansion
of the scope of tariff concessions among all participants.

Negotiations and participants.
Negotiations and participants.
Negotiations shall aim, by
appropriate methods, to reduce of their negative effects and dealing with their causes;
(iii) improving the competitive
evironment by increasing discipline on the use of all direct in direct to subsidies and other in measures affecting directly or indirectly agricultural trade, a including the phased reduction of their negative effects and dealing with their causes;
(iii) improving the competitive evironment by increasing discipline on the use of all direct indirect trade, and indirect subsidies and other indirectly agricultural trade, a including the phased reduction of their negative effects and dealing with their causes;
(iii) improving the competitive evironment by increasing discipline on the use of all direct indirectly agricultural trade, and indirect subsidies and other indirectly agricultural trade, and indirect subsidies and other indirectly or indirectly agricultural trade, and indirect subsidies and other indirectly agricultural trade, and indirect subsidies and other indirectly or indirectly or indirectly or indirectly agricultural trade, and indirect subsidies and other indirectly or indire

Non-tariff measures

Negotiations shall aim to
reduce or eliminate non-tariff
measures, including quantitative restrictions, without prejudice to any action to be taken
in fulfilment of the rollback

tropical products, including in their processed and semi-processed forms and shall cover both tariff and all non-tariff measures affecting trade in these products. tracting parties recognise

the importance of trade in tro-pical products to a large number of less-developed con tracting parties and agree that negotiations in this area shall receive special attention. B (ii).

Natural resource-based products. Negotiations shall aim to

achieve the fullest liberalisa-tion of trade in natural resource-based products, includ-ing in their processed and semi-processed forms, Textiles and clothing Negotiations in the area of

measures in such a manner as integration of this sector into to improve its negotiating Gatt on the basis of strengthened

Farticipants shall review existing Gatt articles, provisions and disciplines as requested by interested contracting parties, and, as appropriate, undertake negotiations.

Safeguards
(i) A comprehensive agreement on safeguards is of parti-cular importance to the streng-thening of the Gatt system and to progress in the MTNs.

(ii) The agreement on safeguards shall be based on the
basic principles of the General

shall contain, inter olio, the following element: transparency, coverage objective criteria for action including the concept of serious injury or threat thereof, temporary nature, degressivity and structural adjustment, compensation and retailiation, notifications, consultation, multilateral surveillance and dispute settlement; and shall

Textiles and clothing

Negotiations in the area of be based on a review of Articles
textiles and clothing shall aim VI and XVI and the MTN tices shall apply to these negoto formulate modelities that agreement on subsidies and tlations. A group on negotia-countervalling measures with tions on services is established

themselves become barriers to legitimate trade, the negotiations shall aim to clarify Gatt provisions and elaborate as appropriate new rules and disciplines.

Negotiations shall aim to develop a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods. These negotiations shall be without prejudice to other complementary initiatives that may be taken in the World Intellectual Property Organisation and

elsewhere. Trade-related investment Following an examination of the operation of Gatt Articles related to the trade restrictive and distorting effects of investment measures, negotiations should elaborate, as appropriate, further provisions that may be necessary to avoid such ad-

verse effects on trade.

PART II

TRADE IN SERVICES

Ministers also decided, as
part of the Multilateral Trade Negotiations in this area shall aim to establish a multilateral framework of principles and rules for trade in services, in-cluding elaboration of possible disciplines for individual sec-tors, with a view to expansion of such trade under conditions of transparency and progressive pute settlement; and snail of transparency and progressive liberalisation and as a means of promoting economic growth. Such framework shall respect the policy objectives of national laws and regulations applying to services and shall take into services and shall take into account the work of relevant account the work of the work of

trading system based on the principles and rules of the Gatt and bring about a wider coverage of world trade under agreed, effective and enforces able multilateral disciplines;

(iii) increase the responsiveness of the Gatt system to the trade of developed countries of the Gatt system to the trade of developed countries and other evolving international economic facilitating necessary structural adiustment, enhancing the relating necessary structural adiustment, enhancing the relating to all trade restrictive of improving Gatt on the basis of strengthened Gatt countries in the gration of this sector into Gatt disciplines relating to all countries and disciplines.

(iii) increase the responsiveness of the Gatt system to the trade of developed countries and other trade negotiations to reduce or remove tariffs and other barriers to the trade of developed contracting parties and other trade negotiations to reduce or remove tariffs and other barriers to the trade of developed contracting parties and other barriers to the trade of developed contracting parties and other barriers to the trade of developed contracting parties and other barriers to the trade of developed contracting parties and other barriers to the trade of developed contracting parties and other barriers to the trade of developed contracting parties and other barriers to the trade of developed contracting parties and other barriers to the trade of developed contracting parties and other barriers and disciplines.

(iii) Increase the responsive trade negotiations to reduce or remove tariffs and other barriers to the trade of developed contracting parties and disciplines.

(iii) That all trade restrictive Contracting parties agree that there is an urgent need to bring measures that negotiating affect international disciplines.

(iii) That all trade restrictive the trade of developed contracting parties and other trade of developed contracting parties and other trade of developed contracting parties and disciplines.

(iii) That all trade restrictive Contra

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Drexel Burnham Lambert

A highly persuasive dealer in 'junk'

David Lascelles continues this series with a look at the trend-setting US investment bank

IN THE welter of new ideas that has poured out of the financial services industry in recent years, few have proved as controversial—or for that matter as memorable—as junk bonds. And few have been as closely identified with a single financial institution, in this case Drexel Burnham Lambert, the Wall Street investment firm which built up the market for low grade corporate paper virtually single-handedly in the late

Today, the junk bond market to worth over \$100bn, and most of Drexel's major competitors which originally turned their noses up at it have moved in too. The Federal Reserve Board has even conferred on it a distinction of sorts by issuing a regulation designed to curb the excessive use of junk paper to finance takeovers and buyouts—the business in which Drexel has excelled by arranging deals for go-getting clients. The fact that Drexel is now Today, the junk bond market

than outweighed the risk of beverages permanently parked of Wall Street. Drexel is persuade them, was a lot lower than people expected.

In fact Drexel's greatest achievement is not so much in setting up junk bond deals, as in building up a list of investors willing to buy them, mainly specialised mutual funds, insurance companies and, oddly, savings institutions with an appetite for good returns. This has made possible deals which manded be inconceivable using conventional financing techniques, like the record \$6.550 the buy-out of Beatrice, the US's largest food company, for which Drexel arranged a \$2.550 the manufacter.

The authorise of wall Street, Drexel is at one side to nourish frequent staff meetings. He and Robert Linton, the firm's chairman, then fren's chairman of wall of recent fren's fren's fren's staff meeting



split between the east and west coast does not appear to affect the business much.

Milken had made a special study of "fallen angels," the bonds of previously high-quality (many Drexel deals have been in the billions of dollars) from investors attracted by their higher yields and a default rate which, Drexel managed to persuade them, was a lot lower than people expected.

In fact Description of the billions of dollars of the persuade them, was a lot lower than people expected.

In fact Description of the billions of previously high-quality concluded that the higher results that Drexel is now split between the east and west coast does not appear to affect the business much.

Milken had made a special study of "fallen angels," the tompanies, when a student, and fit concluded that the higher results that Drexel is now split between the east and west coast does not appear to affect the business much.

Milken had made a special study of "fallen angels," the tompanies, when a student, and fit concluded that the higher results that the business much.

The bounds of previously high-quality to the house of previously high-quality to the hou

DREXEL has a unique ownership structure among the large Wall Street houses which, it claims, gives staff special metivation. While some of its competi-tors have gone public (or in the case of Goldman Sachs, stayed a parinership), Drexel is employee-owned, and de-termined to remain so. The largest sharcholder is Groupe Bruxelles Lambert, the Belgian financial services group which has 26.5 percent. But GBL's stake is being steadily whittled down because Drexel can issue up to 5 ner cent of new charge. to 5 per cent of new shares to its staff every year before being obliged to offer new ones to GBL.

them in when they leave or retire. So even though prexel's souring profits have made many of them million-aires, their worth is in the form of paper rather than cash in the bank.

"We are a highly capitalist firm, but this makes as rather socialistic, says Fred Joseph, the chief executive. Shareholders receive reports of Drexel's financial performance which are not made public, including the true profits. But they are bound to keep the information confidential. "I'd be very disagraphical if a present leaked About 1.850 of the firm's 8,600 employees are share-holders. The price of the

ing deals for go-getting clients The fact that Drexel is now now hiring new people at the like Rupert Mundoch and split between the east and west rate of 150 a month.

Sani Steinberg. coast does not appear to affect "Investment banking is not a "Investment banking is not a sissy business," says Fred Joseph, the firm's chief execu-Joseph, the firm's chief executive, a noticeably quiet-spoken become a bit of a handicaptive, a noticeably quiet-spoken become a bit of a handicaptive, a noticeably quiet-spoken become a bit of a handicaptive, and it is recent record may be a firm) who occupies a corner classic example of a company office cluttered with mementoes, spotting an opportunity and with a trolleyful of pastries and exploiting it ruthlessly to great the confines of Wall Street, Drexel is rate which Drexel managed to persuade them, was a lot lower than people expected.

In fact Drexel's greatest achievement is not so much in setting up junk bond deals, as in building up a list of investors willing to buy them, mainly special lead of the risk of the risk of beverages permanently parked default in a well-diversified at one side to nourish frequent staff meetings. He and Robert put his ideas into practice came when Burnham and Co bought ing fortunes to a large extent phila firm where he started out, in 1973.

Aside from his across more with a trolleyful of pastries and beverages permanently parked at one side to nourish frequent put his ideas into practice came when Burnham and Co bought ing fortunes to a large extent to buy getting hold of people who in 1973.

Aside from his across more with a trolleyful of pastries and beverages permanently parked at one side to nourish frequent put his ideas into practice came by the firm of the firm's chairman, have managed Drexel's rocket ing fortunes to a large extent to buy getting hold of people who in 1973.

largest food company, for which Drexel arranged a \$2.5th innering.

Despite the arrival of new junk bonds has helped tramper form permetition, Drexel still claims to be account for over half the new junk bonds issued, and makes markets in 1,000 existing and most formidable trading team in Los Angeles whose working hours Angeles whose working hours are something of a kegand.

Whether staff there do actually River. Its capital has grown start work at 4 am, as frequently alleged, is hard to check since Michael Milken, the largest on Wall Street, and it is became chief executive in May

where like an actor who soars to success in a starring role only to get type-cast, Drexel's achievements have become a bit of a handicap.

have plenty to concern them, not least, one suspects, a shares is determined by Drexel's book value which not least, one suspects, a craving for greater status on Wall Street, despite all the fighting talk. They do not, for example, like to call them junk bonds at Drexel. "We prefer the name high yield bonds," says Jim Balog, the vice chairman, whose main task has been to fend off the many threats of legislative action that Drexel's financing of hortile. went up 73 per cent last year. But the shares are not tradeable holders can only each Drexel's financing of hostile takeovers has drawn from angered state governments. Altough Drexel rates as a "major bracket" firm, meaning

banking, Drezel's executives

it gets its name in a special high slot in "tombstones" amouncing financing deals, it has not been admitted to the exclusive "bulge admitted to the exclusive "bulge bracket" of top notch firms like Merrill Lynch, Salomon Brothers and Goldman Sachs. If this rankles, the firm's senior managers do not show it, "I'd rather be a bulge profit firm than a bulge brackets firm," says Linton, who argues that investment banking's best markets lie with visorous new comkets lie with vigorous new com-panies who need to raise finance, rather than with glamorous blue chip ones who are either in decline or so cash-rich that they are buying back their securities, not issuing new

believes the junk bond boom is far from over, it has been careful to redeploy its enormons earnings from that business to develop large dealing operations in govern-ment bonds, mortgage-backed securities and equities, and hire top corporate finance names from other firms to make its mark in that field as well. In addition, it has a well-established commodities business, though it has suffered from the slump

recently forced to write off \$35m in losses from the tin crisis. All told, non-junk bond business now accounts for about three quarters of Drezel's revenues, according to Joseph, who claims that Drezel would still rank among Wall Street's five largest investment firms on

in commodity prices, and was

"walk-about," chatting to employees all round the firm,
Joseph, who is a Harvard retruited. "It gave others an with E. F. Hutton and joined Drexel in 1974 to head its corporate finance activities. He became chief executive in May



Robert Linton (left) and Fred Josephi finding people with talent and letting them get on with it

to join the London stock exchange, it has decided not to buy a UK stockbroking firm or become a dealer in UK government bonds for the time

Although the exportation of the junk bond concept would seem the logical spearhead for Drexel's attempts to global," the firm does not expect foreigners to take to it readily -which is another reason for diversifying into more conven-

tional areas like corporate finance and convertible bonds. "It took 10 years to educate people here. It will be slower abroad," says Joseph, who also believes that the Euromarkets, accustomed as they are to dealing only with top quality borrowers, are not structured for junk bonds. The Japanese are beginning to show interest though, and Milken is off to Token this autumn to deliver

is enough," says Joseph. But loans. "It's a \$500bn market overseas expansion is to be the that is not unrelated to high next big drive, particularly in yield bonds," comments Joseph. Drexel has hired some people already has offices.

With banking experience to look lready has offices.

Although the firm is applying into this possibility.

The big question hanging over Drexel's future is whether it can keep up the pace and still remain private. Joseph has been adamant that Drexel does not need to follow other firms on to the stock market to raise capital, partly because the firm is making such huge sums of money. It also fobbed off an approach from the General Electric Credit Corp which eventually bought Kidder Pea-body instead.

body instead.

At the middle of this year,
Drexel was also running neck
and neck with Goldman Sachs
in terms of capital size (they
were both around the \$1.5bn
mark, and by far the two largest private firms in the
business). Since then, though,
Goldman has added a further
\$500m through its new partner-Goldman has added a further \$500m through its new partnership with Sumitomo Bank of Japan. Although this puts Drexel back, Joseph says it does not change our views one lota. We are not in a capital race. We are in an earnings race and in an attract-good-people race."

The first article in this series appeared on September 8.

Management abstracts

Maintenance management, J. Cecil-Wright in Management Accounting (UK), May 86 (2 pages)

Examines the influence of new manufacturing technology and lower stocks on managerial attitudes to plant maintenance. now seen to be crucial in en-suring that critical machines have maximum possible up-time. Looks at conditions essential to effective maintenance— pre-training and re-training of managers and technicians, pre-training by equipment sup-pliers, review of suppliers' spares recommendations, and

involvement of staff in machine installation and hand-over Career paths in tomorrow's organisation. G. Stamp in Industrial and Commercial Training (UK), Mar/Apr 86

Training (UK), Mar/Apr 86 (5 pages)
Describes an approach to selection and appraisal of individual potential, called path appreciation. It is based on Elliott Jacques' theory of timespan of discretion, in which the level of organisations! span of discretion, in which the level of organisational responsibility is related to the time dimension along which it is exercised. Explains the process of career path appreciation which comprises three parts compressed into a single interview, and a fourth—career path mapping—carried out jointly by management and the individual. Offers three case examples to illustrate the practical potential and achievement claimed for the technique.

marketing strategy. P. J.
Boxer + J. R. C. Wensley in
Journal of Management
Studies (UK), Mar 86 (18

pages)
Examines the limitations of both the top-down and bottom-up concepts of product/market strategic planning, and concentrates on the benefits that a middle-out marketing view of the relationship between the business and its customers can provide. Contends it will be dependent upon new forms of remuneration, informational support, and performance evaluation for middle managers.

ation for middle managers.

Retailing presentation. C. Davies in Designers' Journal (UK), May 1986 (7 pages)

Explains why leading retail chains are giving more attention to store design and the presentation of goods; forward on Wooltion of goods; focuses on Wool-worth, Dolcis, and W. H. Smith,

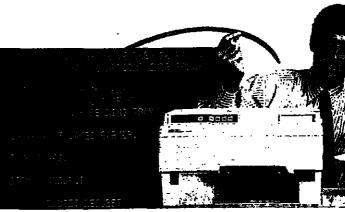
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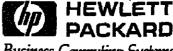
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Short list for airborne warning system expected

the running to supply it with an air-borne early warning (AEW) system, but it may not decide the winner for

The competition for this presti-March to give GEC of the UK six more months to show it could salvage the Nimrod AEW programme which has so far cost more than £900m in public money, and at the same time to invite rival offers. Seven UK and US companies Ministry on July 7. They included GEC, which is fighting to keep its contract and, for the first time in nine years of developing Nimrod radar, has offered a fixed price bid to complete the job. Several of these are understood

to have been rejected, as not meet-ing the Royal Air Force's require-ments, by a September 11 session of the ministry's Equipment Policy

Committee, chaired by Prolessor ner will not be easy. The HAF, for Richard Norman, its chief scientific whom technical considerations are

short list is not known. The only certainty is that it includes GEC. whose rate of technical progress in the list has only two names, the other is probably that of Boeing, whose E-3 Awaes aircraft, already in service in the US and the rest of Nam. has long been favoured by the RAF. Grumman and Lockheed of the US have also made strong hids, of-fering the same radar but in differ-ent airiraines. The likely early ca-sualties in the competition are the three minor UK contenders – MEL of Crawley, south of London, a Philips subsidiary which has proposed an Anglo-Dutch radar mounted in an Airbus, and Airship Industries

against Nimrod. The defence Ministry, facing real cuts in its budget, is daunted by the cost of a system such as Awacs. The Government, as the past six months is the yardstick a whole, would also have to weigh by which the chances of all other carefully the political price, in contenders must be measured. If terms of lost employment and in-

> A further complication is that France has decided to join in the British AEW competition, by evaluating the same major bids submit-ted to the UK Defence Ministry, with a view to making a cheaper,

Mr André Girand, the French De-fence Minister, who was in London last week to talk to Mr Georg offering its dirigible balloons and Pialtus Britten-Norman its lightweight aircraft as AEW platforms.

The eventual decision on a win-

Drug abuse warning to companies

COMPANIES can no longer afford to sweep under the carpet the prob-lem of drug abuse among employ-ees which stretches from the shopfloor to the executive boardroom, warns a booklet published today by the Confederation of British Indus-

the anti-drugs group Turning Point, the publication aims to show com-

panies how to construct a policy on of sophisticated equipment such as drugs misuses and directs them to office computer systems and expensive semi-automated process plant ms that an employee working under the influence of drugs ca now do potentially more damage t

The booklet does not include the effects of alcohol, but it does in-

wins 60% manning reduction

THE DAILY TRIEGRAPH has ment with its production unions for a 60 per cent reduction in manning levels and binding arbi-

ounced tomorrow, is a major top towards bringing the loss-aking, Telegraph Company, ublisher of the Dally and Sun-

southern editions of the Tele-graph at its new £75m web offset

hetween £29m and £25m al-though the Telegraph will prob-ably sive around £28m a year from April when the Westlerry plant is fully operational. Lea-sing charges of £15m a year for the new plant also begin in April. At the moment the Telegraph is produced in London on present dating from the 1920s and 50s by 1,630 people (expressed as five equivalents) working 6,800 shifts

Telegraph | London may charge £500 for access to trading floor

licence fee for the privilege of tions will no longer be passed access to the London Stock Extransact business for clients.

The stock exchange plans to recome its investment of more than City of London now being fitted out c3m in the past year on extra market making pitches and improved communications on the trading floor. Until now, members have had market makers. free access to the floor although in practice only specialised dealers and authorised clerks have had

According to Mr Patrick Mitford-Slade, chairman of the stock ex-change's Projects Committee, the intention is that the costs of the floor should be borne by those who use it. The price of a floor licence Ine exchange has a revenue target.

So if comparatively few wish to sharply – and a number of new gain access to the trading floor, the cost could be higher than £500.

After the Big Bang denoted. After the Big Bang deregulation

STOCKBROKERS may soon be moves in the market, acheduled to charged a £560-a-year or more floor take effect on October 27, transac change's trading floor in order to floor. Most of the business of the exchange is expected to move to the

> High fees are also to be levied on market makers. They will pay (payable over three years) for the new facilities, together with an an-nual rental of at least \$2,000. continue to be fully occupied imme diately after Big Bang. All the exist-

> > Big Bang counted Page 13

Pensions equality urged

Government and employers to have age of 65 for men and one of 60 for a common pension age and to end women is unfair to men. sex discrimination in state and oc-

lished today, points out that pensions and different commuta-discrimination in pension provision tion factors when employees at re-is still widespread, adversely affect-tirement convert part of their pen-

THE EQUAL Opportunities Com- women in other areas. Indeed the mission has renewed its call to the EOC emphasises that a retirement

upational pension achemes. elude the automatic provision of The Commission, in a leaflet pub-widows' pensions but not widowers' ing men in some areas as well as sion into a tax-free cash so

Peter Riddell reports on poll apathy among expatriates

Only 1% of Britons overseas register to vote at home

UK now have only two and a half weeks to register if they want the

chance to vote in any general elec-tion up to February 1988. So far the response has been dis-appointing, according to the Forign Office's own admission. An ofeigh cinies sown summssou. An in-ficial survey in the middle of this month showed that around 5,000 people had registered out of an esti-mated 500,000-plus qualifying ex-

tons abroad arises from new regula-tions which came into force in midtation of the People Act. This con-ferred similar, although slightly more restrictive, rights to those that are already enjoyed by US citizens overseas and the expatriates

of many European countries. overseas who have lived in the UK within the last five years can register as overseas electors through a British Embassy or consulate. This has to be done by October 10 each year, the same day as voter registration in the UK, for inclusion in the register which comes into oper-ation in the following February for 12 months. On the first occasion, registration has to be witnessed by a consular official.

People are registered in the conency where they were eligible to vote before they went overseas and have the right to vote by proxy at any parliamentary election or European parliamentary elec-although not at local elections.

The low I per cent response so far is despite a considerable effort by British embassies and consulates in informing expetriates of their rights through personal contacts, posters and newspaper and

The official explanation is that a lot of expatriates have been away on summer leave until recenity and did not know of the change. There paigning.



Mr Spicer went on a world tour in

He believes there were exaggersted expectations given the experience of other countries. For instance, under procedures in existence for a long time only about 20
per cent of US citizens living in
Britain register to vote and only 8
per cent of Netherlands' citizens
have done so.

The new British procedure is volimitating the compulsory rehave key officers in place, though
the coverage is patchy, especially in
the US. Branches have been in existence for a long time in Paris and
Brussels (where the SDP also has
members organised).
Originally, some party officials
had hopes that the extension of the
vote to Britons overseas could be as
electorally important, particularly
for the Tories, as the organisation He believes there were exagger-

himtary, unlike the compulsory refor the Tories, as the organisation gistration for those resident in the of postal votes within Britain.

It now british procedure is voting the organisation gistration for these resident in the organisation of postal votes within Britain.

right to vote has caused some reshown, for example by letters to the FT. But the formula was agreed as a compromise since the Labour Party favoured tight controls while most Tories wanted a less re-strictive approach. But Labour's agreement was necessary to allow

So the five-year limit emerged. All the main British parties have made some efforts to boost registre tion, but the Tories have done most with a direct mail shot to more than far, there have been only 750 positive responses, with a pick-up in the last two or three weeks.

is also a tendency to leave registra-tion until the last moment, and in-deed the pace has picked up in the last two weeks.

Mr Spicer remains optimistic about building up Conservative sup-port overseas. Mr Peter Morrison, the new Conservative deputy chair-Mr Jim Spicer, the Conservative man, visited Hong Kong last week, Party's vice chairman for interna-im part fulfilling engagements ar-tional affairs, goes further in blam-ranged when he was still Industry ing both the apathy of the expairi-Minister. Since all British residents ates and the complex and re- have to notify their presence in strictive nature of the regulations. Hong Kong to the authorities, it compared with what is required by should be easier to track down pot-

Similarly, Mr Norman Tebbit, the late July and August to encourage Conservative Party chairman Tebbit, the Conservative branches have now been set up or

gistration for those resident in the UK. This creates the novel problem for Britical parties of organising voter registration drives – a familiar part of US political cambridges, could be electorally more configurate.

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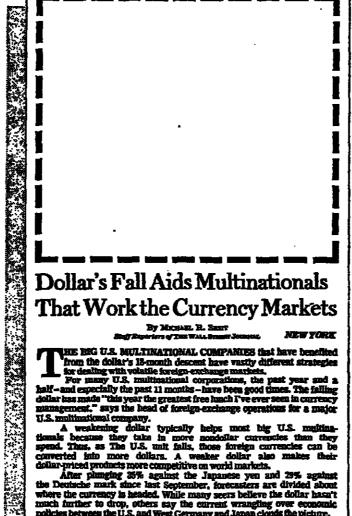
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the Big G.S. MOLTINATIONAL COMPARIES tast have common from the foliar's 18-month descent have varity different strategies for dealing with volatile foreign-exchange markets.

For many U.S. multivational corporations, the past year and a half—and especially the past 11 months—have been good times. The failing dollar has made "this year the greatest free lunch I've ever seen in currency management," says the head of foreign-exchange operations for a major U.S. multivational convenue.

maintenest." says the head of foreign-exchange operations for a major U.S. multimational company.

A weakening dollar typically helps most big U.S. multimationals because they take in more nondollar currencies than they spend. Thus, as The U.S. unit falls, those foreign currencies can be converted into more dollars. A weaker dollar also makes their dollar-priced products more competitive on world markets.

After plunging 35% against the Japanese yen and 25% against the Deutsche mark since has September, forecasters are divided about where the currency is headed. While many seers believe the dollar hasa't much further to drop, others say the current wranging over economic policies between the U.S. and West Germany and Japan clottes the picture.

THE WALL STREET JOURNAL.

THERE'S NOTHING LIKE IT FOR INTERNATIONAL BUSINESS.

Critical test for Alliance stance on nuclear arms

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

ATTEMPTS by the Social Demo-cratic-Liberal Alliance to agree jointly on nuclear defence policy will this week face another critical test at the Liberal Party assembly in Eastbourne, south England

The issue, which centres on the need to retain a British nuclear capability after Polaris, the submarine launched nuclear deterrant, looks sises that Liberals do not want to which starts today, and threatens to clear capability but expect a reduc-put Alliance unity under increased tion in, and an eventual end to, nu-

Three Liberal MPs have already voiced their opposition to any re-placement for Polaris and in critiplacement for Polaris and, in critical many replacement for Polaris and, in critical many placement for Polaris and, in critical many presented as a self-fine timing. They are expected to support a constraint of the Liberal leader, yesterday claimed that he was confident of reaching agreement on an Alliance defence policy. He said on BBC television that Britain's expected to support a constraint of the Liberal leader, yesterday claimed that he was confident of reaching agreement on an Alliance proposals on tax and benefits still needed "fine-timing." He was confident of reaching agreement on an Alliance defence policy. He said on BBC television that Britain's expected to support a constraint of the Liberal leader.

They are expected to support a constraint of the Liberal leader. They are support as a support a constraint of the Liberal leader. They are the concept of a "European Parliament, at Queen's University, Belfast on Friday. Sir Frederick Catherwood, a British Conservative Member of the European Parliament, at Queen's University, Belfast on Friday. Sir Frederick Catherwood, a British Conservative Member of the European Parliament, at Queen's University, Belfast on Friday. Sir Frederick Catherwood, a British Conservative Member of the European Parliament, at Queen's University, Belfast on Friday. Sir Frederick Catherwood, a British Conservative Member of the European Parliament, at Queen's University, Belfast on Friday. Sir Frederick Catherwood, a British Conservative Member of the European Parliament, at Queen's University, Belfast on Friday. Sir Frederick Catherwood, a British Conservative Member of the European Parliament, at Queen's University, Belfast on Friday. Sir Frederick Catherwood, a British Conservative Member of the European Parliament, at Queen's University, Belfast on Friday

The latest public opinion poll on voting intentions, conducted by voting intentions, conducted Harris for the BBC, gives Lab 41 per cent, Conservatives 36 per cent and SDP-Liberal Alliance

add to, or maintain, existing nuclear weapons.

Last week, the Social Democratic Party (SDP) backed the Alliance initiative to explore the possibility of a European minimum deterrent, leaving open the question of a Polaria replacement. But at Eastbourne the Liberal leadership faces vociferous opposition from sections of the party which believe it is in danger of softening its long-standing commitment to muclear disarmament.

There are signs that a compromise, which could save the Alliance defence policy. Mrs Shirley Williams, the SDP president, said that rejection of the nuclear umbrella would be "political sincide."

The two Alliance leaders confirmed that they would not, this spokesmen. Dr. David Owen, the rent proposal, provided it represented no more than a step towards an Alliance defence policy. Mrs Shirley Williams, the SDP president, said that rejection of the nuclear umbrella would be "political sincide."

The two Alliance leaders confirmed that they would not, this spokesmen. Dr. David Owen, the rent proposal, provided it represents to muclear disarmament.

tained "until such time as it is nego-

tained "until such time as it is negotiated away."

Mr Steel said that the scrapping of nuclear weapons by Britain would not bring about a nuclear-free Europe. The minimum deterant proposals, he added, meant Britain would retain an influence on the scale and deployment of the deterrent and on eventual disarmament talks.

page dits readiness to talk to me Unionists about devolution in Northern Ireland, provided there is no suspension of the Anglo-Irish agreement signed last November. A statement by the Northern Ireland Office, re-affirmed by Mr Tom King, the Northern Ireland Secretary, said that the talks could take place with the Unionists and other exestitutional parties in the prov-

SDP leaders yesterday attended pre-conference sessions in East-bourne to seek Liberal support for an Alliance defence policy. Mrs Shirley Williams, the SDP presi-dent, said that rejection of the nu-clear umbrella would be "political snicide."

Britain 'ready to talk with Unionists'

THE BRITISH Government has re

constitutional parties in the prov ince in the interval between meet-ings of the Angio-Irish Conference, which was established by the No-

British concern that the agreement has so far been almost totally re jected by the Unionists. At the same time, however, there is no disposition on the British side to go back on the terms of the agreement with Dublin.

The slight switch of em the part of the Northern Ireland Ofspokesmen were not yet in Parlia-fice came after a speech by Sir ment.

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Kinnock challenges sanctions job losses

THE LIKELY effects on employment in Britain of strict economic Howe, the Foreign Secretary, and sanctions against South Africa has Mr Oliver Tambo, leader of the Af-

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Labour Party leader.

Speaking to a press conference at the end of a three-day visit to Jamaica, Mr Kinnock said projections that between 200,000 and 250,000 British jobs could be lost from sanctions "depending on which minister you speak to" could not be substantiated. While no-one wanted any jobs lost, it was unlikely that full economic sanctions against South Africa would mean a shut-down of affected British businesses overnight, he said.

The Labour Party leader suggested that countries which were opposed to sanctions would not be thought of kindly by southern African states and that British business was threatened by the loss of a sanctions obtain visas to enter Britain. He

was threatened by the loss of a market in these southern African countries which was bigger than it had in South Africa.

obtain visas to enter Britain. He said a Labour Government would reshape current immigration legislation, replacing it with "a proper

International gathering

BY DAVID FISHLOCK, SCIENCE EDITOR

in Vienna on Wednesday to try to agree much tighter international

Mr Peter Walker, UK Energy ecretary, and Mr Alastair Good-nd, minister responsible for nuclear energy, will represent Britain at a special conference of the Inter-

by mid-October the lengthy report of Sir Frank Layfield on the Sizewell public inquiry into the safety of nuclear industry in 1977.

been exaggerated and not more than National Congress, had than 20,000 jobs would be lost, according to Mr Neil Kinnock, the UK short-sightedness in dealing with southern Africa and indicated that

on nuclear safety rules

than 100 countries meet

lysis of the Soviet accident report. se ministers expect to receive

ed RBMK-type reactor, as well as

al Atomic Energy Agency, to discuss expert Western an-agreement on these four mat Mr Walker said.



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2. Accordingly, the conversion prices at which the 1996 Bonds and the 1998 Bonds area became in 1996 Bonds area became in 1996 Bonds area becomes will be adjusted effective as of fast. October, 1995, Japan time. The conversion prices in effect prior in such adjustment are len 428.7 for the 1996 Bonds and Yen 445.5 for the 1998 Bonds, and the adjusted conversion prices will be Yen 416.2 for the 1996 Bonds and Yen 422.5 for the 1996 Bonds.

DAINA SECURITIES CO. LTD. By: The Bank of Thiopo Frust Company as Principal Paying Agent sted: September 22, 1986

British pay deals unlikely to fall below 5% barrier

BY DAVID BRINDLE

PAY SETTLEMENTS are running at average increases of between 5 and 7 per cent and show little sign of falling rapidly to levels expected by the Government, two surveys ublished today suggest.

The surveys agree there has been decline in the number of settlements above 7 per cent but indicate a bunching above the 5 per cent

The emergence of 5 per cent as a minimum expectation this winter would concern the Government. In a weekend speech, Mr Kenneth Clarke, Paymaster General, contin-ued the ministerial attack on the dea of a "going rate."

The surveys, by pay research rouns Incomes Data Services and adostrial Relations Services, differ in the stress they put on the fall in settlement levels at the top end of the median range.

According to IRS, settlement le els are "now firmly moving in a downward direction." Although this is not a dramatic trend, seven out of 10 bargaining groups are expecting less than they did last year, and the median has fallen in the last quar-

ause of rising inflation, increas-

ing company profitability and pay pressure in the public sector.

The other survey, by IDS, finds no significant downward trend in settlement levels in its overall review of 1985-86. Further, it says any fall in basic pay deals is likely to be offset by top-ups through salary increments, productivity and skill

As a result, IDS predicts, the underlying increase in average earn ings is likely to remain on or about its current rate of 7.5 per cent.

Pay and Benefits Bulletin 168; IRS, 67 Maygrove Road, London NW6 2E1; by subscription. IDS Re-port 481; IDS, 193 St John Street, London ECIV 4LS; by subscription. • The Government's plans to reform personal taxation will give tax handouts to the rich and limit the independence of married women, according to a report published to-day by the Low Pay Unit, Helen

The Government is proposing a system of transferable tax allowances to replace the married man's allowance. In its response to the Green Paper (consultative docu-Institution of the last quarter (ending July) to 5.7 per cent.

IRS predicts the downward drift will continue throughout 1986 but says it may not last into next year

answance. In its response to the Coresilation of Creen Paper (consultation described downward drift will continue throughout 1986 but says it may not last into next year David Lascelles meets a gamekeeper turned poacher

Patching up wounds at Midland

"I HAVE found in Midland Bank a very lively group of people who have been through a terrible time." Thus, Sir Kit McMahon on the state of morale in the institution of which he has just become the senior executive officer.

Few people in the City of London have come to a job amid such high expectations. The former deputy governor of the Bank of England, intellectually distinguished pro-foundly experienced in financial atfairs, has assumed control of Britain's most trouble-prone clearing bank, where the wounds from the Crocker National Bank disaster in

the US are still plain to see.

How will be patch Midland and where does he intend to take the UK's third-largest clearing bank? Does he even have the skills for the job, coming as he does aged 59 to

Sir Kit has certainly wasted no time. After spending the summer on an intensive tour of Midland's installations worldwide he moved into the fifth-floor chief executive office in the City street known simply as Poultry only 18 days ago, a large, panelled room with deep windows and attendants in black suits standing respectfully outside.

Last week Sir Kit announced a

Last week Sir Kit announced a string of senior management appointments which put his stamp on a new corporate structure for Midcland and will eventually - by the for example, has been sold, and time more junior appointments are

Sir Kit McMahon

made – ensure that his men occupy key positions in the vast army of 66,500 people he now heads. Next April he assumes the chairmanship as well, and his contract is open-

using commercial jargon which jolts any listener accustomed to his elegant style as a central banker. But he stresses that the appointments confirm a strategy already developed by his predecessors, from whom he is anxious not to steal any credit.

What makes this job attractive is

banking business going for Big Bang, the forthcoming deregulation

"I'm struck by what a lot of resources the group has: Thomas Cook, insurance, units trusts, inter-national capital markets. And then there are the branches which will ontinue to be our core busine That's where the money is made. The people here are very market-oriented. It's rather different than I expected. I'm struck by how go-go

Sir Kit is pleased with Midland's position in the UK retail market where its "free-if-in-credit" campaign (the first among the Big Four) has won it a lot of new ac-

corporate banking side. "What with Crocker and so on, we have dropped behind here." But by bringing in new talent and combining Mid-"Our strategy," he said, "must be to build on strengths." Already he is using commercial jargon which jolts any listener accustomed to his tions being developed by Samuel Montagu, the merchant banking subsidiary, Sir Kit intends to re-build Midland's credibility as a corporate banker. -

He has divided the market into two, the global and the commercial es. The second are companies where we are still deverer than the corporate treasurers. The first is the other way round. The global market is a difficult one, but we have to be in it."

Sir Kit is particularly keen to get

land in Japan so that he can pull to-gether a global investment banking business using the securities operasiness using the securities opera tions that have already been estab

lished in New York and London. But he will not be able to follow his rivals like Barclays and Nat-West and get listings for Midland on overseas stock exchanges to tap new sources of capital until Midland's balance sheet has recovered from the hundreds of millions of pounds lost through Crocker.

Sir Kit does not expect profits to come easily. The Big Bang, which will pitch Midland into intensely titive securities markets, means "It's going to be quite hard to make money, and we're going to have to sweat it out."

He is also worried about the over-all economic climate. "There's the time bomb of the US external deficit which people have only just wo-ken up to. That's going to be ex-tremely hard to handle. It could affect the foreign exchange markets and free trade and so on. It makes me very cautious. Banks will have to watch their asset and liability pons very carefully."

And how does the gamekeeper turned poacher now view the banking authorities? Do those good habits he so frequently urged on bankers in his previous job now seem like onerous constraints? "You start seeing things in a different way," he admits with a grin. Tm about half

Output expected to pick up slowly

By George Graham

BRITISH manufacturers expect their output to pick up slowly over the rest of this year, but order books remain flat, and export orders have improved only fractionally from the dismal levels of the last few months.

The September trends survey by try (CBI), the employers' group, shows that 12 per cent of the 1,556 manufacturing companies ques-tioned have order books above normal, compared with 33 per cent whose order books are below normal. This leaves a balance of 21 per

Export order books were felt to be above normal by 14 per cent of companies and below normal by 37 per cent, the CBI says. The food, drink and tobacco industries report the best improvement in overseas orders, but in general, export order books have not been so weak for al-

most three years.
Mr David Wigglesworth, chairman of the CBI's economic situation man of the CBI's economic situation committee, said conditions had im-proved slightly for exports but re-peated the CBI's call for lower in-terest rates and moderate pay set-

Tilcon Limited is amongst the top suppliers Act now for real help with conversion costs of road surfacings in Britain. A Government Grant Scheme currently One of their surfacings, coated Macadam, ports conversion to coal by providing up is produced by heating stone chippings to a to 25% of the eligible capital costs. Loans at temperature of 130-190°C and mixing them with favourable terms (including deferred bitumen. The 'hotting up' takes place in a repayments) are also available from the rotating drum dryer which can handle 220 European Coal and Steel Community. tonnes of stone in an hour. The drying plant was fired by gas The plant and the technology oil until a cost efficiency drive pointed the Industrial requirements can be met way to pulverised coal. Then, working from a comprehensive range of packaged closely with British Coal, Tilcon moved on or purpose designed units with a variety to the new technology of micronised coal. of boiler and furnace types and ratings. Today, coal goes through a Modern coal plant is fully automatic Stordy micronising mill and comes with completely enclosed handling - a out twice as fine as salt granules. concept that meets both the economic before being automatically fed and aesthetic needs of the UK's leading to the burner. This has dramatindustrial companies. ically improved productivity A final word from Malcolm Edwards. and led to a new-plant payback British Coal's Commercial Director: period of under 12 months. No other source of energy can match British Coal's supply and pricing profile. Aword from the converted The Government Grant Scheme, Leslie Barker, Tilcon's which isn't due to end until mid-1987. Group Energy Manager, and can make converting to coal one Area Engineer has this to say: of the soundest investments your 'Oil has a history of company has ever made. price fluctuation, while the The time to talk is now. cost of coal has stayed For further information please fill in the coupon and send it to the Industrial Branch, Marketing 411011 E. (F) as Department, British Coal, Hobert House, Grosvenor Place, London SW1X 7AE. stable and competitive. And you musn't forget security of supply. You know where you are with coal-it takes the guesswork out of forward planning'. Tilcon, like many other forwardthinking companies, has turned to British Coal when it comes to an important investment NOW IS THE TIME TO in the future.

New ferries 'challenge financing of tunnel'

MR GEOFFREY PARKER, chair- nanciers will see the sense man of European Ferries, threw politicians have failed." Channel farry was launched in

The new ship, one of two being built for the company at a total cost. of £90m - up from an original £70m. as a result of sterling's decline would be cheaper to run, faster and bigger than anything yet seen on the Channel, he said.

down a strong chellenge to the The new ship, the 20,000-ton backers of the planned Channel Pride of Dover, and a sister ship, turnel as the company's cross-Pride of Calais, are being built for the group's Townsend Thoresen subsidiary by Schichau Unterweser

in Bremen The Pride of Dover will enter service on the Dover Calais route next summer. With room for 2,300 passengers, she will have twice the capacity of the largest ferries now on the route.

Mr Parker called the tunnel a Casting doubts on the financial "well-known politicians' folly" and assumptions behind the tunnel prosaid it was still very questionable ject, he said: "We hope that the fi-whether it would ever be built.

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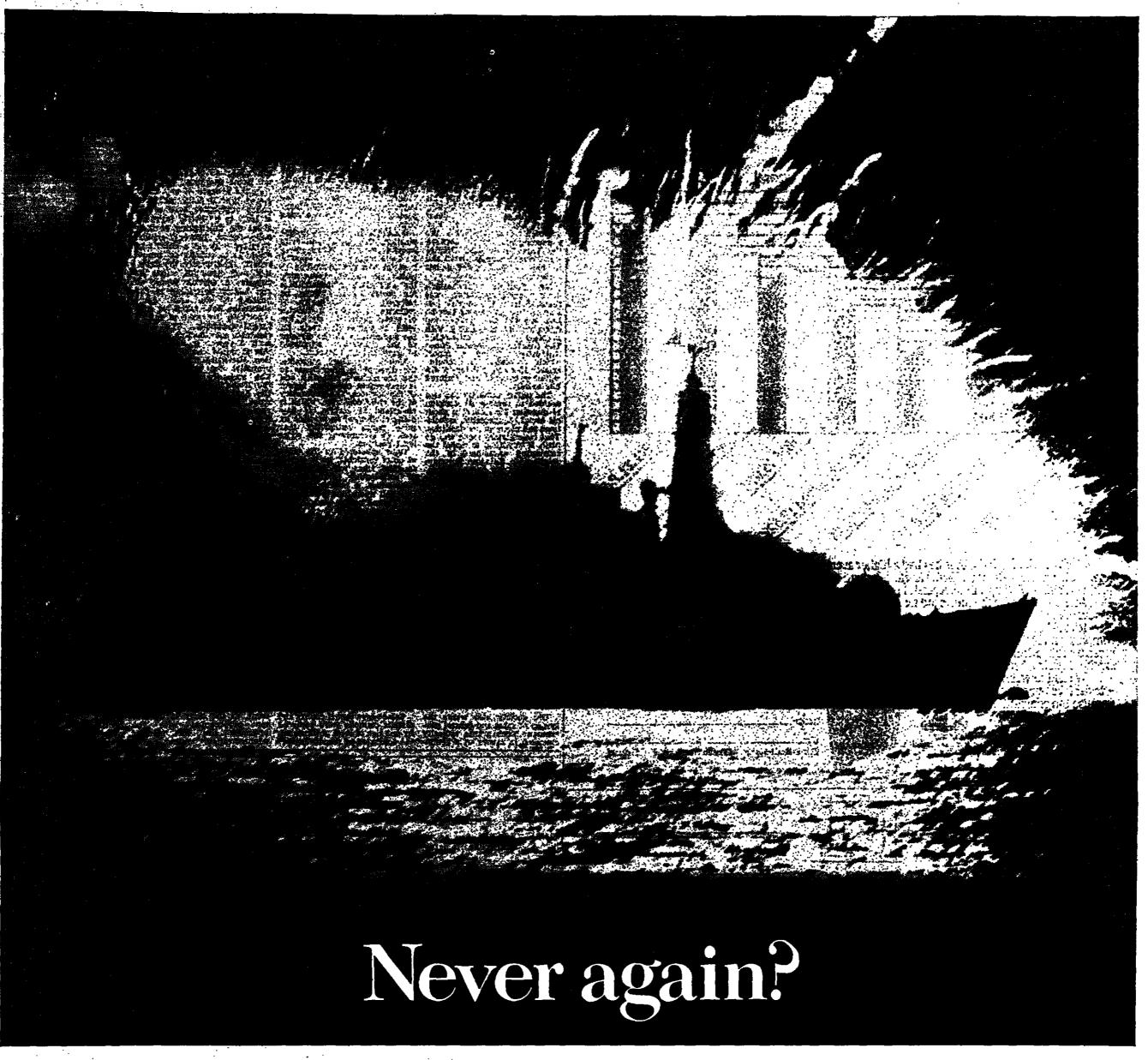
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The Falklands conflict was the world's first taste of high technology air/sea warfare.

RAL

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As such, it served to confirm the increasingly important role that radar will play in any future wartime engagements.

In fact, immediately the war was over, the Royal Navy was able to present industry with a completely new brief for a surface ship main radar system. And in doing so, invited a number of international companies to compete for the order.

The fact that it was our advanced 3D radar system which was eventually selected is a source of great pride to us here at Plessey.

In the light of the RN's Falkland's experience our new radar system more than meets the necessary requirements in the areas of long range air detection, aircraft control capability and automatic target indication for missiles.

Before long, all Type 42 destroyers, Type 23 frigates and Invincible class aircraft carriers will be equipped with it.

The growing threat.

Having met the RN's current needs, we're now looking to the future. Here, the growing danger is likely to come in the form of complex multi-level saturation attacks.

Working closely with the Ministry of Defence (Navy)

we've made it our priority to develop a radical new multi-function radar system.

Our use of gallium arsenide circuitry (an area in which we lead the world) is enabling us to build what's known as a phased-array sensor.

Far from being a pipe dream, it's fast becoming a reality.

Far from peing a pipe dieam, its last becoming a reality.

Combining the functions of surveillance and tracking, it has a computer which instantly controls the radar beam so it's able to deal simultaneously with multiple threats.

Clearly, phased-array radar is the future of radar technology and Plessey is one of the few companies which have established a stake in that future.

An aggressive policy.

Though we've established a world-wide reputation as a leader in radar development and system design, our

activities extend way beyond this.

We're equally energetic in the fields of tele-communications and micro-electronics.

In fact, we have leading edge products in all these areas of operation. An achievement which we feel is directly attributable to our policy of heavy and constant investment.

in technology.

This, combined with sound strategic planning, means we're constantly identifying market needs and developing new products.

Defending ourselves.

For more than 40 years, we've been helping in the nation's defences. Applying all our technological skills, our long-term planning ability and our young entrepreneurial style of management.

Only by operating as an independent company have we been able to develop these unique qualities. And naturally we're anxious to develop them further.

Currently, the future looks excellent for both ourselves and our shareholders.

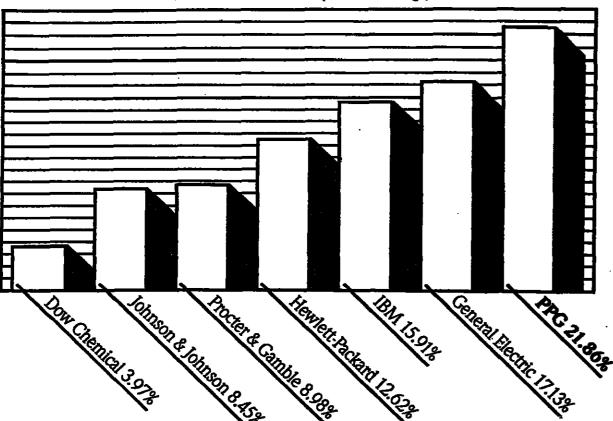
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UK NEWS

THE WEEK IN THE COURTS

Controlling the chief constable

disciplinary process against a senior police officer and his removal from an official inquiry into killings by the Royal Ulster Constabulary; it also spawned a fresh irritant in the worsening relationship between the Labour-controlled Greater Manchester Police Authority and all local authorities to appoint its chief constable, Mr James a social services committee to

Authority rejected a report to carry out its purposes, which concluded he should Unlike the chief constable, answer 10 charges before a distinction is subordinate to

tions and use of police facilities.
That concilliatory move will do
little, if anything to dispel the
continuing uneasiness in the relationship. This unhappy state relationsmp. This unhappy state of affairs is not helped by uncertainty and misunderstanding about the legal powers and duties of the two elements in the government of police forces.

the direction and control" of its chief constable. This is in stark latest and longest-running chief constable. This is in stark episode in the sags of relationships between chief officers of outrast to the position of other directors of local government police and police authorities in services. Thus the Education England and Wales. Not only did the case of Mr John Stalker bring into prominence the new disciplinary process against a for adequate educational provision and to that end the removal from an official inquiry into killings by the Royal person to be its chief education person to be its chief education

position. The Local Authority Social Services Act 1970 requires Anderton. Which all matters concerning which all matters concerning the authority's responsibilities deputy chief constable, was for social services must be removed from the inquiry last referred. The authority is May to face allegations that he had brought the police into of social services. Here, the disrepute by associating with local responsibility rests on so-called "known criminals," the authority, with the director of social services. Here, the disrepute by associating with local responsibility rests on so-called "known criminals," the authority, with the director and the functionary appointed. The Greater Manchester Police as the functionary appointed Authority rejected a report to carry out its purposes.

the committee's authority and is answerable for every aspect of the services. The supremacy of the chief constable, which is

about the legal powers and duties of the two elements in the government of police forces in England and Wales.

The distinctive characteristic of the way the police force is governed is the provision in the Police Act 1964 which says each police force shall be "under" of effective or the way the police force is governed is the provision in the Police Act 1964 which says each police force shall be "under" of effective, a police authority bound to discuss with, or report on, to their authorities. The deployment of the Special "interests of efficiency." This Patrol Group that led to the Provision has never been formally invoked, although some discussed with local representatives, and became the subject of acute controversy. The establishing corruption or matters which they are not misconduct, a police authority bound to discuss with, or report on, to their authorities. The deployment of the Special "interests of efficiency." This patrol Group that led to the provision has never been formally invoked, although some deployment of the Special "interests of efficiency." This patrol Group that led to the provision has never been formally invoked, although some deployment of the Special "interests of efficiency." This patrol Group that led to the provision has never been formally invoked, although some deployment of the Special "interests of efficiency." This patrol Group that led to the provision has never been formally invoked, although some deployment of the Special "interests of efficiency." This patrol Group that led to the provision has never been formally invoked, although some deployment of the Special and the special "interests of efficiency." This patrol Group that led to the provision has never been formally invoked, although some deployment of the Special and the special "interests of efficiency." This patrol Group that led to the provision has never been formally invoked against this legal back.

but with the Home Secretary. The practical reality is that a chief constable can ignore his police authority so long as he can count on the support of

In the absence of any direct

power over a chief constable, police authorities have sought at least to be better informed about the functioning of their police forces. The only explicit Social services are in a similar statutory duty on a chief con-stable is to submit an annual report. Additionally, the authoany matter pertaining to the posicing of the area. Some authorities have asked for such reports in the wake of contro-versial incidents. The chief constable may decline to make such a report if he believes that it would contain informa-tion, disclosure of which would

does not lie with the authority Evidence Act 1984 was designed to overcome the gap in local knowledge of police operations. A second area of doubt centres on the question of financing the police operations.

"Direction and control" involves decisions that require expenditure. Yet the power to Can the authority use its powers to veto particular expendi-tures, and indirectly exercise control over the purchase and use of weaponry or deployment of manpower? Such issues he recently been raised in conn recently oven raises in connection with the purchase of CS gas and other riot equipment. The huge costs of financing the police forces which assisted their colleagues in dealing with the miners strike of 18 months are not still being disputed. ago are still being disputed, and may end up in the courts

the final word. Police authorities are therefore, in this create are therefore, in this create control. These are only part of the larger problem of how to construct for the country a modern police service under decoration are therefore, in this create control. For the country and the control of the country and the create control of the country and the control of the co repect also, at the mercy of their constables.

The processor and the mercy of their constables.

The processor are in essence policy matters that received their constables. of the services. The support of the chief constable, which is enshrined in statute, is now being challenged in practice by some police authorities that seek to circumvent the strict legal position.

Once appointed to the office of chief constable, he is almost immune from removal. Short of establishing corruption or misconduct, a police authority benchmarked they are not have control over "operational" matters that require their chief constables.

The precise ambit of the chief constables are respect also, at the mercy or matters that require police authority be responsible for them. How that responsibility can be effected in the absence of mechanisms of constrol by the authorities that sever one control over "operational" matters that require police authority be responsible for them. How that responsibility can be effected in the absence of mechanisms of control by the authorities that sever one of establishing corruption or matters that require police authority be responsible for them. How that responsible shades are their chief constables.

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The precise ambit of the office authority be responsible to their chief constables.

The precise ambit of the office authority be responsible to the office authority be responsible ton their chief constables. directly address those issues
Twenty-five years later the
need for a fresh look at the
organisation of policing in

One-tier multi-purpose local authorities proposed

THE TWO-TIER structure of nation of rates and local in-would immediately recede. local government in England come tax. and Wales should be replaced by unitary multi-purpose authorities based upon natural communities, according to a report from the Society of Local Authority Chief Executives

The society also wants the system of rates and central gov-

come tax.

In urging a significant shakeup in the structure of local
government, Solace says the
systems devised in the 1870s—
although managed with commitment and professionalism—
are not designed for the en-

"It should be more economical, by eliminating duplication of management in the present tiers. An additional consequence would be an increase in accountability,"

The report suggests that the last reform of local government, in the early 1970s, was too preoccupied with the optimum size for efficient administration

natural communities, which

"As a result, many parts of the country found themselves administered by artificially designed counties and districts, with often strangely derived names based on lesser-known rivers or romantic folklore."

boundary commission with wide optimum size for efficient powers proposing structures administration, rather than after in-depth consultation

MINORCO Results for the year to June 30, 1986

Earnings from operations increased by 56% to US\$71 million.

Equity share of investees' earnings declined by US\$55 million due to the cessation, at the end of the previous year, of equity accounting Salomon Inc in which Minorco's interest had been reduced to 14%.

As a consequence earnings before extraordinary items decreased. from US\$110 million to US\$81 million.

Dividends declared for the year increased by 9% to 24 US cents

Investments made during the year, principally in oil and gas, amounted to US\$251 million.

Cash resources at year-end were US\$164 million.

Net asset value per share increased by 12% to US\$14.70.

US\$ millions except per share amounts	1986	1985
Farmings from operations	71	45
Share of undistributed earnings of investments		
accounted for by the equity method	11	.66
Earnings before extraordinary items	81	110
Net earnings	72	105
Dividends declared	41	. 37
Earnings from operations per share (\$)	0.41	0.27
Earnings before extraordinary items per share (\$)	0.47	0.65
Net earnings per share (\$)	0,42	0.61
Dividends declared per share (3)	0.24	0.22

OUTLOOK FOR THE COMING YEAR

For the coming year Minorco's earnings from operations are expected to be somewhat reduced principally because of lower interest income. In regard to Minorco's share of undistributed earnings of investments accounted for by the equity method, present indications are that the losses of Inspiration Resources Corporation will be substantially reduced in the current year while the earnings of Engelhard Corporation and Charter Consolidated P.L.C. should show further advances. The results of Consolidated Gold Fields PLC are expected to improve subject always to the gold price and currency exchange rate movements. The contribution of Adobe Resources Corporation is likely to be negative as a result of weakness in oil and gas prices.

In the previous five years, earnings from operations which essentially represent Minorco's cash earnings were adversely impacted by the requirement to inject considerable equity finance into Inspiration and by the decline in the US dollar value of dividend income from UK investments. In regard to Inspiration, although base metal prices remain depressed, the major reorientation of its business which took place last year appears to be succeeding, while over the last two years sterling recovered some lost ground against the US dollar. In consequence earnings from operations in the foreseeable future should support a higher dividend level. Consequently the final dividend in respect of the financial year to June 30, 1986 has been increased from 16 US cents to 18 US cents per share, making a total for the year of 24 US cents per share.

The final dividend for the year to June 30, 1986 of 18 US cents is payable on November 19, 1986 to shareholders of record on October 3, 1986. The annual report will be mailed to shareholders on or about October 14, 1986. Copies may be obtained from the UK transfer agent. Hill Samuel Registrars Limited, 6 Greencoat Place, London SW1P 1PL.

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Ministers burn midnight oil

By Tim Coone in Buenos Aires

SEPTEMBER has brought Buenos Aires good things from the North. The warm air currents have ushered in the first of the three branches of the balmy days of a Southern Argentine military have made hemisphere spring, lending a trace of the three branches of the three

The state of the s

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The restructuring of the distribution of income," he a creative heard their shares pinny alternative to a cauter barreathing space provided by the rollover may nonstheless prove vital for the survival of the Government's long-term economic strategy.

President Alfonsin is now almost half-way through his sixyear trum. He can claim too major successes: the restoration of democratic government after almost a decade of military rule, which had become synonymous with economic milk management and political vinlence; and the implementation of the so-called "Austral" plan launched in June last year, a programme of wage and price freezes coupled with limitations on money supply growth which put an end to a prolonged period of hyperinfiation.

The latter achievement has recently appeared to be in jeopardy as a surge in infiation over the past two months, after a year of relative price stability, has shaken the Austral plan. The speculative paine which the some conference, the first signs of a couple of weeks in August to the habits die hard.

The latter achievement has recently appeared to be in jeopardy as a surge in infiation.

The latter achievement has recently appeared to be in jeopardy as a surge in infiation.

The latter achievement has recently appeared to be in jeopardy as a surge in infiation.

The latter achievement has recently appeared to be in jeopardy as a surge in infiation.

The latter achievement has recently appeared to be in jeopardy as a surge in infiation.

The latter achievement has for a couple of weeks in August for a couple of weeks in August for a couple of weeks in August of the same conference, the first signs of a clearly first way for a couple of weeks in August of the same conference, the first signs of a clearly first way for a couple of weeks in August of the first signs of a clear industrial growth.

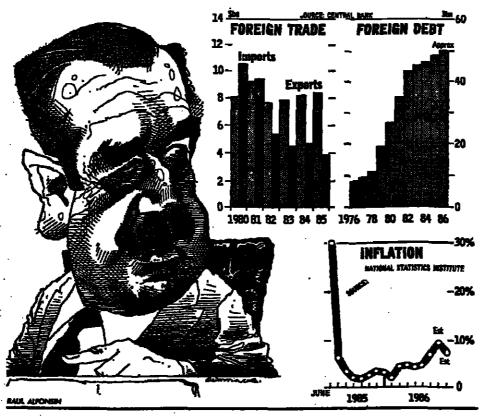
The creating head of the part of the surge of the first signs of a clear industrial growth.

The creating head of the part of the surge of the first signs of a clear industrial growth.

The

month stay of execution on its obligation to make some \$7.5m in principal repayments on its \$500m foreign debt.

Solvency has been assured at least until 1987: short-term the central bank and the Economics Ministry over monetary policy. The appointment of Mr Jose Lais Machinea as the new difference in place of Mr Alfredo Conception, and depolitical ally of the central bank such a rollover would occur was never seriously in doubt. Most of the country's large foreign bank creditors recognise that renegotiation is the only alternative to a dramatic debt write-off which could send their shares plumpeneting. Although short, the breathing space provided by the rollover may nonsetheless prove vital for the survival of



reserves thus restricting avail-.ble credit and resulting in high interest rates.

The high reserve requirements, amounting to 72 per cent of deposits have resulted in a phenomenal growth of an officially tolerated black market. a parallel financial system which operates illegally with no Few long-term loans for investment are available, as most

osits are only of a short term nature. financial reform has been promised by the new central bank president, Mr Machinea, but vested interests and political vested interests and political resumments.

cal pressures will ensure that this will be a slow and gradual

Argentina's position in the foreign debt debate is hardly likely to meet immediate agreement from its creditors: it is proposing that creditor banks link the level of its debt service payments and new lending to the price of the country's main exports, cereals and beef (following in the steps of Mexico, which is seeking to link MEXICO, Which is seeking to link its debt service payments to the course of world oil prices). Asked whether the banks were ready to concede such a principle, a top executive of one major western bank in Bueno Aires recently replied "Not yet"

earnings from exports. The combined trade deficit for 1986 and 1987 is expected to exceed \$3bn.

The Government is not pre-

recessionary economic measures, as it has made clear in recent talks with the LMF. Important mid-term elections are due next year for the governorships of the country's 22 provinces, which will prove a crucial test of the Government's popularity. The trade unions are already threatening represent strike action expinity recessionary renewed strike action against the recent anti-inflation measures. Growth must there-fore be the economic objective from now on.

The Government therefore are will be able to operate fully sees its way forward by asking in co-ordination with the disforbearance and patience from its international creditors, de
Where will that leave the its international creditors, despite the occasional hiccup.

The trade unions and the Peronists would be only too happy to see an end to the Austral plan. Economic restructuring, they argue, could be financed from the foreign exchange saved through a debt moratorium.

The Government is therefore

working on two fronts: to head off confrontations with the ing floor will become rather an expensive place to be. The Exchange intends to recoup the money it has spent. According that fits long-term economic plans have a change of success. Spring may have come to expensive place to be. The Exchange intends to recoup the money it has spent. According that fits long-term economic plans have a change of success. Spring may have come to expensive place to be. The Exchange intends to recoup the money it has spent. According that fits long-term economic plans have a change of success. Spring may have come to expensive place to be. The Exchange intends to recoup the money it has spent. According that fits long-term economic plans have a change of success. Spring may have come to expensive place to be. The Exchange intends to recoup the money it has spent. According that fits long-term economic plans have a change of success. Spring may have come to EEC have led to a fail in the country's foreign exchange. The Government is therefore working on two fronts: to head off confrontations with the unions, which will require some flexibility on wages; and to convince the banks and the IMF that its long-term economic plans have a chance of success.

The floor show will go on

By Barry Riley

THE STOCK Exchange's trading floor has never been more the Exchange intends to charge ing floor has never been more crowded. In a film investment a floor licence fee for brokers programme the Exchange has crammed 224 jobbing pitches now, all members have eninto a space that previously held 193, and has fitted number-less screens, terminals, tele-communications devices and other electronic wonders that other electronic wonders that specialised dealers). Now they go with a modern securities exchange. Jobbers complain like £500 a year, depending on bitterly that there is no longer any room to sit down, let alone the more people want to trade swing a cat. But could this be on the floor, the less the fixswing a cat. But could this be on the floor, the less the Ex-the trading floor's last, fleeting change will have to charge in week of glory?

Next Monday there will suddenly be a lot more room. Four trading over SEAQ, it might weeks before Big Bang many seem odd that the floor would weeks before Big Bang many of the market makers will be of the market makers will be moving upstairs to their new trading rooms. But they will still not be able to operate in dual capacity through their teams of salesmen. For an awkward transitional period the market will be split between "upstairs" and "downstairs."

Telephone dealing is, of course, nothing new. It has been normal for jobbers to operate from their offices before 9 am and after 3.30 pm, the official market hours. But dealing in the peak periods has never been handled this way.

Outpost

On Big Bang day itself the new trading arrangements come fully into operation. Prices will be quoted over the SEAQ system, another dozen or so market making firms, at present still sidelined, will move into action, and all the market makements the beauty of the state of the sta

One problem is that the trad-

order to cover its costs). If the alternative is free attract any following. But there are short-term reasons why the trading floor will retain a good deal of appeal. And in the longer run, it could develop an important, if specialised, role.

The short-run question is whether the market's telephone systems will stand up to the strain of the new trading methods. If the lines are jammed, business will stop. Accordingly, both brokers and jobbers may feel it prudent to retain reserve capacity on the floor.

In particular, some practi-tioners are looking ahead to the launch of British Gas, which could start trading early in December, Traditional rugby scrum techniques could well prove more effective than the most elaborate electronic hooks m.

Smaller brokers are particu-larly apprehensive about their chances of getting through to the market makers in busy conditions. If the James Capel conditions. If the James Capel or Cazenove lights are flashing with the promise of big orders, will the trader tap his touch-sensitive screen in the spot which allows a second-line broker to come through? Presumably not.

market will be concentrated upstairs, much of the retail business could stay on the floor.



the 60 or so top grade alpha stocks to start with. That will leave the betas (about 500 of them) and several thousand gammas. The expectation is that the markets in many of these stocks will stay on the floor (though business in the smallest and most illiquid securities of all, the deltas, will probably be done on the telephone).

Moreover there could be a moreover there could be a retail business in gik-edged, "retail" in this context apparenty meaning deals of anything up to film. Some of the gilt-edged market makers will be concentrating on this bind of concentrating on this kind of business, rather than multimillion institutional trading.

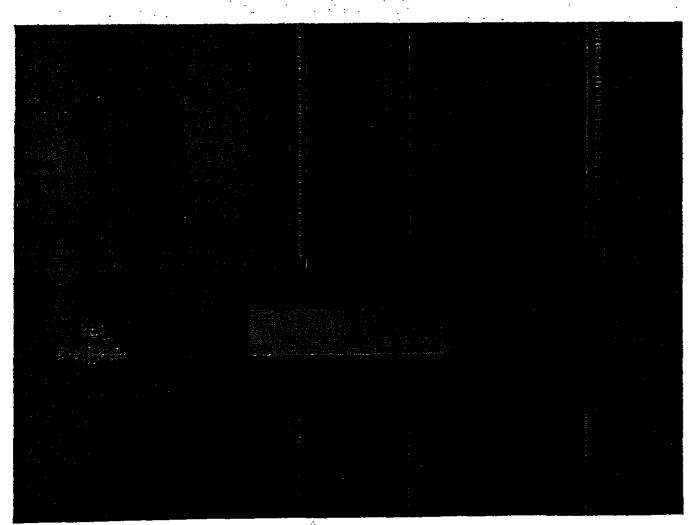
It is worth bearing in mind that some of the newer market makers will be anxious to emphasise their commitment to equities, and a team of traders on the market floor might be an effective way of doing that.

Outcry

Screen services are all very well, but big investors and agency brokers might be doubtful about the seriousness of some of the newer market makers, especially if the quotes on the screen are only in 1,000 shares and the real prices in the serve only be discovered. decent sizes can only be dis-covered over the telephone. But again, this could be a transitional rather than a long-term support for the population of the Stock Exchange floor.

Eventually, the floor's main focus could be on traded options, which will continue for the foreseeable future as for the foreseeable number as an open outery rather than telephone or screen-based market. Options business has recently been expanding fast, and will continue to do so as options traders develop their links with the sharply increased number of entire market market. So although the wholesale of equity market makers.

In due course, the Stock Exchange may try to get closer to the financial futures exchange Liffe, which operates from



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Elly Ameling/Wigmore Hall

David Murray

Throughout her Ravel recital or imitating "La Flûte enon Saturday it was a pleasure chantée" (though the latter pair acquired a new evocative rustling: the audience search-

ing its programmes for the words, which had been in-advertently omitted). The plano versions of the Mallarme songs cannot even capture all the

original notes, let alone the essential contrasts between ensemble and solo piano (Ravel was after all inspired by Schoenberg's Pierrot). And the

integrity of both Ravel's and Debussy's Mallarmé sets was damaged by interleaving them.

so that neither could establish its own quite special character. In short, this curious pro-gramme flattered Mis Ame-

ling's attractive expertise with Ravel's vocal lines much more than the music itself. It might

be welcomed in remote provin-cial halls, but in London-where the authentic, luxuriant Mallarmé set has had several

fine performances recently—it was otiose. There were of course

many incidental delights. The originally-choral "Nicolette" and "Trois beaux oiseaux" made pretty solos, and the

genuine solo songs were appeal-ingly turned (though "Manteau de fleurs" wanted more magical suspension, and Jansen's easy rubato smudged the mock-

rubato smudged the mock-mechanics of Anne-at-the-spinet and the Christmas-toy song). Among the Greek songs, Miss Ameling's "O joie de mon âme" glowed. Debussy's Mal-larmé, much quirkier and flightier than Ravel's, sounded tamely playful. When either of her composers went into the ironic move, Miss Ameling went into soft-focus.

to hear Miss Ameling. If there were passages of strain in her German programme last Wednesday, none was evident this time—her seasoned soprano was very comfortable in Ravel's preferred high-mezzo range. (In the lowest reaches of the Mailarmé songs her pitch tended to go into free-fall). Warm tone, some lovely long phrases, good sense everywhere, sound French style even with some odd

style even with some odd vowels: what was much odder was the programme itself.

Except for the Histoires naturelles Ravel's original song-

sets are triptychs, not cycles, and they are designed for ensemble accompaniment; but

there are more than a dozen single songs with plane, besides the folksong arrangements. Miss Ameling chose just four of the

single songs, and the Greek set, Otherwise the evening consisted of the orchestral Sheherazade

songs, the Mallarme ones for glittering nonet, and two of the

glittering nonet, and two or the a cappella choral songs — all reduced to voice-with-piano — along with Debussy's Mallarmé settings (which really are composed for piano) by way of factitious comparison. That seemed perverse and it laid are tenerally hydron on her

an impossible burden on her planist Rudolf Jansen.

He was prone anyhow to fingerellps, and in the first Sheherozade song "Asie" the Rimsky-ish orchestral surge was irrecoverable at Miss Ameling's

slow tempi. Plano sonorities are too short-breathed for that, and

for sustaining the decadent harmonies of "L'Indifférent"



Douglas Hodge

Coriolanus/Almeida

Arts Council distributes its resources. I have only seen this Coriolonus and last year's King Lear, but it is high time this six-year-old enterprise was placed on a permanent footing.

Again, the Empty Space principles of Peter Brook are invoked in a simple, energetic staging on the Almeida's bare floor, surrounded by the crumbling brick walls that do service as the fortifications of Corioli, Rome and the locked doors of ntium. Otherwise, scenery usists of 12 grange boxes, one for each actor, sound effects of the populace and impending runpus thrillingly communi-cated by syncopated shouts, the drumming of boxes and rapid percussive slapping of thighs. Poverty and insecurity may, of course, drive a company to a greater urgency of performance. Certainly there is more drive about this show than many stylistically comparable small house classics from the

RSC Pericles to Cheek by Jowl. This page has long docu-mented the progress around Britain of Douglas Hodge, one of our most gifted young actors. His Coriolanus is a pulsatingly watchable perform-ance, blood brother to his

Deborah Warner's unfunded Romeo, Oswald and Nicky Lan-Rick Theatre Company un-leashes this tremendous produc-tion at the Almeida to make a nonsense once again of how the above them in a sea of hands. above them in a sea of hands His adversary Aufidius (Nicholas Jeune) is greeted with a flying bite on the neck, but the double act is never particularly sexual. Instead you understand why Coriolanus should fly to an adversary worthy of his opposition the minute the people turn against

> And he against them. Like McKellen at the National, Hodge revels in the role of warrior hero for as long as he does not have to translate that status into hard political terms Invading Rome with Aufidius Invading Rome with Autidius,
> 'he rejects Menenius (a beautifully silken reading by Peter
> Kelly) with an astonishing
> memory lapse, so real as to be
> disconcerting on "Like a dull
> actor, I have forgot my part."
> Hilary Townley as his mother
> Volumina, whips, up a cunningly
> cadenced story of sarcastic

of family betrayal. The tributes recover from a weak start to present a quiver-ing spectacle of corrupt popular representatives, and Derek Hutchinson's Cominius is one of the finest and most intelligently

Patrick Macnee returns to West End in thriller

Patrick Macnee returns to the West End stage to star in new mystery thriller. Killing Jessica, which opens at the Savoy Theatre on Novem-

He heads a cast which includes Liz Robertson. David Langton, Angels Douglas, Jennie Linden and Nicola

directed by Bryan Forbes.

Loose Tubes on first UK tour

The Arts Council's Contemporary Music Network opens its porary Music Network opens its 1986-87 season with the largest jazz group it has ever taken on tour. Loose Tubes, the 21-plece British jazz orchestra, will per-form at the Logan Hall (Uni-versity of London), 20 Bedford Way, London WC1 on Wednes-day, October 15, at 7.30 pm as part of a 13-concert tour.

Among the places to be visited on this the band's first Bryant.

British tour, are Southampton, Plymouth, Brighton, Birming-ham, Sheffield, Leeds, Man-chester, Leicester, Coventry and

Architecture/Colin Amery

Hugh Casson's diverting journey

Architect Etcetera is the title chosen by Sir Hugh Casson for the exhibition of his life's work that can be seen at the RIBA Heinz Gallery, 21, Portugal Casson London W.1, 1975 man Square, London, W.1. until October 25. It is a good title because it exactly conveys the mixture of work and diversions that make up the charmed life of a man who has been active in the world of architecture for

Hugh Casson suits the English approach to the visual arts
—he doesn't take them too
seriously. As he says in the seriously. As he says in the elegantly written companion to the exhibition, "the art room at school was the place you went to when you were not feeling very well." He has always exploited his capacity to appear to take things seriously while simultaneously sending them up. His drawings sending them up. His drawings also embody the same light approach combined with a cer-tain cosiness. His world is the architectural equivalent of Ernest Shepherd's drawings for the world of Winnie the Pooh. He has also enjoyed the role of the national artist. He clearly or the national artist, He clearly loves public life; in the early photograph of the two-year-old Hugh Casson sitting on a mother-of-pearl inlaid table, the performer in him is already visible. There are not many architects who have had at least three anotherose—one, as architects

three apotheoses—one, as architectural director of the Festival of Britain; two, as architect laureate to the nation; and three, as President of the Royal Academy All these horses. all have apparently been achieved with an easy lightness of touch. Parallel to all this activity has been running the bubbling brook of drawings and

writings—nothing earth-shaking and nothing too disturbing.

The exhibition does have the charm of a family scrapbook, screens covered with Casson sketches and showcases filled with memorabilia. He has kept his Christmas cards and invita-tions, sketch books and diarles —always the friendly presence of the man shows through, creating his public face while modestly modifying the face of

the nation.

The exhibition can and should be seen as something should be seen as something more than one man's diverting journey through life. It captures perfectly recent periods and their styles: modern architecture arriving late and a bit breathless on the South Bank for the Festival of Britain; the worl dof writing and design that flowered once at the Architectural Review, Contact, and thee short-lived magazine that and Casham Greene edited, Night and Day; the growth of Design as a discipline and salvation— may be the most interesting across Regent's Park with its part of the exhibition it is imgus for the building in the landscape. It is the home of the "piloti" floo—that raising up of buildings committee and countless others? So often the same people serve on all of them—usually on the principle that without these bodies things would noly be worse. It is the home of the "piloti" floo—that raising up of buildings so that space can flow all around them and underweath them.

The Elephant and Rhinoceros the principle that without these bodies things would noly be worse. In the London Zoo is one of the practice's best buildings. I do not know whether the great mammals like it, but itself "—surelyit is also something that grew out of the gray of the exhibition it is impart of the shift of the point of the principle and underweath them.

The Elephant and Rhinoceros the principle and underweath them.

The Elephant and Rhinoceros the prediction of the principle and underweath them.

The Elephant and Rhinoceros the prediction of the principle and underweath them.

The Elephant and Rhinoceros the prediction of the principle and underweath them.

The Elephant and Rhinoceros the prediction of the principle and underweath them.

The Elephant and Rhinoceros the prediction of the principle and underweath them cadenced story of sarcastic taunting that finally breaks through the resilient carapace

cello and strings was given its first performance last May by

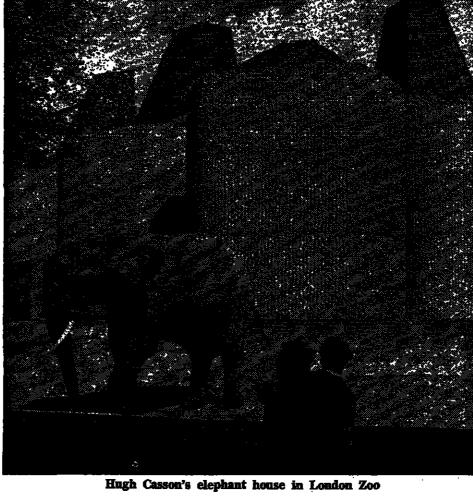
Alexander Baillie and the Peterborough String Orchestra

in King's Lym, a hang-over from the festival there in 1985, when Maw was the featured composer. It came to London on Thursday, again with Ballie

as the superbly accomplished soloist but on this occasion

partnered by the Orchestra of St John's, Smith Square, con-ducted by John Lubbock.

The title, Sonata Notturna, might seem odd for a concertante piece, but it is well chosen: it emphasises the inti-



the background all the time is of Casson's life.
the English love of the Picturseque and informal—a ship was formed

what has been the real influence on our surrounding of The Royal Fine Art Commission, The Royal Mint Committee, the Arts Council, the Design Centre, the GPO Stamp Committee, the Historic Buildings Committee

graphic facility of so many at portant to consider the achieve-

Maw's Sonata Notturna/Elizabeth Hall

Nicholas Maw's new work for tures; the mood is subdued, the work, while the music of the ello and strings was given its possibly nocturnal, with the opening, pinned to a repeated D. It is all perfectly seamless electrorough String Orchestra with subsidiary accompaniment, a King's Lynn, a hang-over for at no point does the orchestra with subsidiary accompaniment, and impressively fluent, but a King's Lynn, a hang-over for at no point does the orchestra with subsidiary accompaniment, and impressively fluent, but a companiment to the former than a subsidiary accompaniment.

orchestra muted throughout. It is very much a work for cello with subsidiary accompaniment, for at no point does the orchestral writing set out to rival the soloist's in intensity or thematic interest. For much of the half-hour piece, indeed, the strings are required to provide purely chordal backdrops to the cello's rhapsodical musings.

Though the structure is articulated in six sections, the impression is of a sustained and organic single movement in which the various expressive rac displayed. The main theme is heard in a preparatory returns as an epilogue, it is all perfectly seamless and impressively finent, but does not. I think, reveal much that is new about Maw or his development. The highly tonal language that he has fashioned for himself, in which the spirits of Britten and the late romantics sit comfortably side by side, is perfectly suited to such a medium as this, and writing for it does not seem to have engendered much fresh creative friction in the composer. For a more revealing picture of the current state of Maw's art we must wait until next year for the rumour is that not only is

Royal College of Art. In ments of the architectural side gentle brute.

The Casson Conder Partnerturseque and informal — a ship was formed in 1956. Its nation of gardeners rather than principal monument is the artists.

One of the lesson that One of the lessons that cannot be ignored from this exhibition is the paralysing influence upon creative life in England of The Committee. What has been the real influence on our surrounding of The Royal Fine Art Commission, The Royal Mint Committee, the Arts Council the Design Centre, the GPO Stamp Committee, the Historic Buildings for the Arts Maculty in Cambridge. If you walk around the Sidgwick Avenue part of Cambridge, the Faculty Building, and the general plan is redolent of the Indian is redolent of the Indian in the landscape. It is the building the Economics and Politics Building, and the general plan is redolent of the Indian in the landscape. It is the building in the Economics and Politics Building, and the general plan is redolent of the Indian in the Indian in Cambridge. If you walk around the Sidgwick Avenue part of Cambridge, the Faculty Building, and the general plan is redolent of the Indian in the Indian in Cambridge. If you walk around the Sidgwick Avenue part of Cambridge, the Faculty Building, and the late 1950s and that casual formal in the Indian in Cambridge. If you walk around the Sidgwick Avenue part of Cambridge, the Faculty Building, the Economics and the Indian is redolent of the Indian is redolen

The angularity of form and the interest in materials characterises the work of the partner-ship. Less attractive has been the invention and promotion of the "conservation mansard" much loved by planning committees. The jutting bays of the new office building at Charing Cross and the classical entrance to University College London show the range of the practice today. Many people will have diverse views about the Ismaili Centre opposite the V & A, but its materials and windows cheerfully sparkle—a gloss on a nawkward form. The firm have tackled the full range, each time with quiet skill and unexceptional results.

Hugh Casson has been a connexceptional results. Hugh Casson has been a con-

Hugh Casson has been a con-stant force in that peculiar realm, "the art world." He has opened eyes but never imposed any strain: Moderation, wit and an ability to see both sides— all the middle class virtues are present in Sir Hugh's life and work. He has cheered us, smoothed paths and made us

Lend Me a Tenor'

cast changes From tals evening there will be some cast changes in Lend Me A Tenor at the Globe Theatre. Ian Talbot succeeds Denis Lawson as the operatic stooge to an incapacitated Verdian tenor, and other new-comers to the show include Susannah Fellowes, Paul Bentley, and Debbi Blythe.

Dave Allen at the Albery

Dave Allen is coming back to the West End stage after five years. His one-man show will run for a limited season of 14 or large body of strings may be is heard in a preparatory the rumour is that not only is years. His one-man show will used; the Smith Square Orches"Intrada," the centre of gravity his long-awaited orchestral rum for a limited season of 14 tra employed 13 players) and is contained in a substantial Odyssey complete, but that it is the sometimes chamber-like texthe sometimes chamber-like texsolo cadenza at the midpoint of pencilled in for the 1987 Proms.

Martin Hoyle

News/Paramount City

cosmopolitan colleague. Bar, seats at tables and pocket-sized stage make an ideal venue for cabaret. Whether the audience exists for a fully-fledged musical (bar closed during the

energy.

Once the doors never closed derer into a circulation-boosting on statuesque nakedness in competition (many a true legally enforced immobility. word . . .). "Gimme the money" Now frentic frolics are fully-clothed. The Windmill has been transformed into a little bar-musicians, an excellent band at theatre, the latest chapter in the back of the stage, a chance the Paul Raymond's stately progress to the legit. He'll be getting an Arts Council grant singles " is a near, wry duet for next." getting an Arts Council grant sugges is a near, why duet for devotees of the personal ads.

"A replica of The Craxy Horse in Paris," murmured my cosmopolitan colleague. Bar, "Wonder man", to the

musical bar closed during the Richard O'Brien's killer, sinisperformance, no chance to ter in dark glasses and (rare talk) starting at 9 pm and lasting 75 minutes remains to be other end of the phone; and a seen. The punters who do give theatregoing in Great Windshall Street a whirl will be rewarded with a high-spirited the great sponsor in the sky, show containing some very "All my life I've dreamt about strong songs put over by a ghooting stars," sings Mr vivacious cast with infectious O'Brien; and proceeds to do so.

smoothed paths and mans us laugh—a comforting presence, an enabler but not a talent to disturb us after the spangled curtain has fallen.

The story tells of Lord, editor sage than this pleasant should not a been intended, including some paychotic killer. Lord's daugh—acid comments on the morality ter meanwhile makes a blind of the press—"You're my creation with someone contacted tion from now on," sings the A harder, more cynical mes-age than this pleasant after-

ter meanwhile makes a blind of the press.—"You're my creation from now on," sings the through the personal column who just happens to be — yes; you can guess.

Already staged in America, the show has lyrics, story and music by Paul Pulse, a Yale man who plays a number of instruments and is best known, we are informed, as a synthesist. I suspect the reference is musical rather than philosophical.

He knows how to whip up excitement, as in a company number when the paper decides to turn the hunt for the mur-

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Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednes-day. Exhibitions/Thursday. A selective guide to all the Arts ap-

Music

chosen: it emphasises the inti-macy of the scoring (a small are displayed. The main theme or large body of strings may be is heard in a preparatory used; the Smith Square Orches-tra employed 13 players) and is contained in a substantial

LONDON

London Symphony Orchestra and Chorus conducted by Richard Hick-ox. Brahms, Kodaly and Rossini. Barbican Hall (Tue). (638 8891). Academy of St Martin-in-the-Fields conducted by Sir Neville Marriner with Marrows Marshall with Margaret Marshall, soprano Carolyn Watkinson, mezzo-soprano Edward Waintson, nezzo soprano, Robert Tear, tenor and Benjamin Luxon, bass. Tippett. Royal Festival Hall (Tue). (928 3191). hilbarmonia Orchestra conducted by

Giuseope Sinopoli. Mahler f. Royal Giuseppe Sinopoli. Mahler ft. Royal Festivai Hall (Wed).
Lendon Symphony Orchestra conducted by Christopher Adey with Malcolm Binns, piano. Dukas, Tchaikovsky, Rimsky-Korsakov and Sibelius. Barbican Hall (Wed).
London Symphony Orchestra conducted by Maxim Shostakovich with
Lynn Harrell, cello. Shostakovich.
Barbican Hall (Thur).

Anna Stalla Stick: piano. Schumann, Villa Lobos, Gershwin (Mon). Salle Gavean (4553 2030). Facili Philharmonic Orchestra conducted by Laonard Bernstein, Sheri Greenawald, sourence Bernstein, Foss, Dvořák (Mon), Salle Pleyei (4561 9630). Paul Knentz Orchestra: Vivaldi, Tele-mann, Mozart, Albinoni, Barber (Tue). Seint-Severin Church (4633 5761).

(Tue). Saint-Severin Church (4633 3761).

tehestre de Paris conducted by Dan-lei Barenboim, The Orchestra de Pa-tis' choir conducted by Arthur Oid-ham to celebrate the choir's 10th an-

phony (Wed, Thur). Salle Pleyel Pater Planyavsky, organ. Scheid (4563 0796). Mendelssohn, Schmidt, Planyavsky, St Stephan Cathedral. (Wed).

Milan: Testro alla Scala: Arran, piano. Liszt. (80 91 26). (Tue). Milan: Stabilimento Ansaldo (Via Tor-

tona, 58): Beethoven and Francair given by the chamber music section of La Scala Orchestra (Tue) Milan: Duomo di Milano: Beethoven's Missa Solemnis conducted by Carlo Maria Giulini, with the soprano Bar-bar Hendricks, contralto to Anne Sjevano, tenor Josef Protschka and bass Robert Holl on Wed. (On Thurs (80 91 26).

bass Robert Holl on Wed. (On Thurs at Teatro alla Scala). (80 91 26).

NETHERLANDS

lands Philharmonic, with Maria Thopo, piano. Honegger, Mozart, Haydn, Bavel (Tue). The Philip Glass Ensemble (Wed). (718345). Rotterdam, De Doelen, The Rotterdam Philharmonic under James Conlon, with Frans Helmerson, cello. Dvo-

Marita Viltasalo, piano. Sibelius, Bee-thoven, Debussy, Musikverein Brahms Saal. (Tue).

September 19-25

for Yeak Paintermanned (Avery Fisher Hall): Zubin Mehta conducting, Ita-hak Perhaan violin. Corigiano, Bar-tok, Brahms (Tue); Zubin Mehta conducting, Andre Watts piano. Hu-sa, Schubert, Liszt (Thur). Lincoln

sa, Schubert, Liest (Thur). Lincoln Center (874 2424).

Merkin Hall (Goodman House): I Cantro of New York. Works by Richard Hrooks and James D. Wagraer (Mon); Barbara Long violiv racital with Albert Lotto piano. Leethoven, Prokoviev, Brahms, Falla (Tue); Goliard Concerts. Patricla Handy conducting. James Hismon tenor. Schütz, Schubert, Stravinsky. 67th w. of Broadway (382 8719).

Chicago Sysaphony (Orchestral Hall). Sir Georg Solti conducting, Jessye Sir Georg Som emancang, Jessye Norman soprano, Ann Murray mea-zo-soprano, Amthony Bolfe Johnson tenor, Haus Sotin bass, and Chicago Symphony Cherus directed by Mar-garet Hillis: All-Besthoven pro-gramme (Wed, Taur). (235 \$111).

Semberger Symphoniker, conducted by Horst Stein. Mendelssohn, Mo-zart, Brahms, Hitomi Memorial Hall Shosm Women's College, Sangenjsya (Mon). (262 7141).

NHK Symphony Orchestra. Conductor: Wolfgang Sawallisch, soloist
Bernd Weikl, Monart, R. Strauss, nann, NHK Hall (Wed, Thur).



Marcia Johnson and Peter Straker



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Monday September 22 1986

Kiss of life for Gatt

lated for a double success. Not only is the agenda the broadest in the Gatt's history, but it has all the marks of positive consensus, not merely of defensive

By overcoming deeply-felt differences, especially between north and south, ministers in Punta del Este this week have sent a signal to the world that the open trading system can be restricted in such a very set to reinforce, not drag down, growth and stability in the world economy.

Among the most positive features of the agenda ham-mered out early on Saturday are the commitments to tackle crisis in world agricultural trade and to try to bring trade in services—banking, insurance, tion and the like-under Gatt

Trade negotiators will for the first time be empowered to examine the expensive domestic farm support programmes and export subsidies that have so damaged poorer nations and to resist their in undermined free trade in agri- Political will culture. They will also attempt to frame rules to prevent a proliferation of import barriers to service transactions on which richer countries increasingly depend to balance their external accounts. It required a constitutional compromise to get the services issue on to the agenda; services issue on to the agenca; although the result, engineered by the EEC Commission, fails somewhat short of the US demand, it is the best result that could realistically have been hoped for.

For the first time, too, the trade - distorting effects of barriers to foreign investment will be under scrutiny: even that most politically-sensitive of topics has found a place in the ministerial declaration. the ministerial declaration. A vital part of the process started this week-end is the imitment to halt all protecwith the Gatt and to dismantle existing barriers over the four

THE MOST ambitions international trade negotiation since the Second World War has been set in motion in Uruguay this weekend. Ministers of the 92 nations which subscribe to the General Agreement on Tariffs and Trade should be congratulated for a double success. Not all the areas with which the round is to deal, the valuable consensus reached this week-

end could be damaged.

The depth of that consensus has surprised even those who helped to achieve it. The Third World can with justification claim that the terms of the agenda will serve to protect their interests for as long as they can reasonably claim de-veloping-country status. North America and western Europe can claim that their demands

can claim that their demands for widening the ambit of the Gatt into new areas have also been met. What is more, the result was achieved without voting and without abstentions among leaders of the Third World, thus preventing a north-south polarisation

Indeed, this is perhaps the most important result so far: that the credibility of the Gatt itself has been restored. The US Administration has been given the amour it needs to deflect the missiles of a protectionist Congress and political leaders everywhere a shield with which to resist their industrial lobbles. to resist their industrial lobbies

Setting an agenda is one thing: repairing the worn fabric of the Gatt by rewriting the rules and negotiating mutual concessions that will liberalise trade is another. Yet the fact that national delegations struggled so hard in Punta del Este over the minutiae of drafting suggests that the future of

Este over the minutiae of draft-ing suggests that the future of the general agreement was universally recognised as a question of the deepest importance. The fact, too, that differences fought over for the last four years have been amicably resolved also suggests that the political well is not that the political will is not lacking to make the Uruguay Round a success

However painful and pro-tracted the negotiations prove to be—and no one doubts that they will be both—from today it will no longer be possible for any government, the US included, to claim that the general agreement has come to general agreement has come to the end of its long and useful life.

Time to abolish UK car prefix

than 20 per cent of the year's sales are made then, at the expense of demand slackening as early as May, and July sales of around one-tenth the August

But what to do about it? Over the past 12 months, this has grown into a large bone of contention between motor traders on the one hand, and nufacturers on the other.

Greater demand

the Government has been asked to retain the August change and cancel plans, made at the industry's request, to move the new prefix to October 1.

The other objects to have the forward by the Hothat the police see that the poli

new prefix to October 1,

No other country in Europe
has a yearly identifier and no
other country has such an
uneven sales pattern. In France,
for example, the sales peak is
around March, with 11 to 12 per
cent of the year's total. The
low, of 5 to 6 per cent, is in
August. So one obvious disadvantage for UK manufacturers is that just when Continental demand is fading, Continental producers can keep
assembly lines busy with right
hand drive cars

forward by the Home Office, is
that the police see the identifier
as easily remembered and thus
a help against crime.

This argument appears tenuous at best. The system does
even in Northern Ireland. There
is another strong argument in
favour of abolition. Cars are
marketed largely on without the
prefix the technical and other
merits of the product itself
could be more actively promoted at the time of the newyear model changes in October.

Earlier this year, the Society of Motor Manufacturers and Traders had arrived at a grudging internal compromise in opting for October. This, it was felt, would create demand in the normally quiet autumn and winter months and minimise the risk of lay-offs. Even so, Jaguar and Rolls-Royce are bitterly opposed to October, which coincides with the new important North American market.

Motor Manufacturers and year model changes in October. There is a case for allocating registration numbers not to cars but to individuals. Such a system is already used, quite successfully in North American it could be more helpful to the successfully in North American become increasingly familiar to neighbours. Americans can even devise their own number, provided it is not offensive, for a fee. A harmless practice—and why should not the vehicle licensing centre at Swansea be a governcentre at Swansea be a govern-traders are also ment profit centre?

year model changes in October. There is a case for allocating

elatio n at New York's Plaza Hotel on September

22 last year when the five most powerful industrial nations announced their accord to drive down the value of the dollar. When finance ministers and central bankers from those same countires meet in Washington later this week there may well be scowls and dismay. The spirit of the Plaza—the new mood of co-operation between the US, Japan, West Germany, France and Britzin in international economic policymaking—is little in evidence on today's anniversary.

THERE WERE smiles and

Last week's bout of trans-atlantic mudslinging which spun financial markets into turmoil risks wrecking the central achievements of the New York agreement—an orderly, con-trolled decline in the dollar's

The Irritation on the Enropean side over the decision by Mr James Baker, the US Treasury secretary, to talk the US arready secretary, to talk the US much in evidence at this weekend's meeting of European Community finance ministers at Gleneagies Hotel, Scotland. Publicly, the ministers were emphasising the need to restore co-operation with Washington. Privately they were promising strong words for Mr Baker on the dangers of a free-fall in the US currency's value.

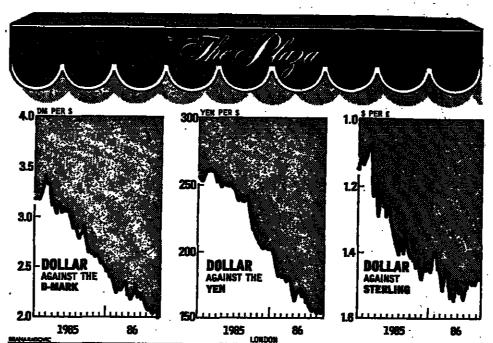
Despite these signs of strain, the achievements of the Plaza should not be understated. Since the meeting the Group of Five has managed to secure a 22 per cent devaluation of the a zz per cent devaluation of the most important currency in the international monetary system with minimum disruption of the world economy.

In some respects it was more by luck than judgment. The \$12bn or so that central banks

THE PLAZA AGREEMENT

Strong words for Mr Baker

By Philip Stephens, Economics Correspondent



the New York meeting hit a currency that was already on the way down. The lower infation and interest rates which came with the halving of the Washington Administration has tion and interest rates which came with the halving of the oil price shielded the US from a collapse of confidence among

the US out of four years of self-imposed economic isolation held out the prospect of a new co-operation and coherence in international policy-making. It is that concentation of

Mr Baker's decision to take

The problem is that the dollar's decline has not done enough to reverse the funda-

and West Germany to take on the burden of a "fair share" the burden of a fair share of world economic growth as the central issue. Tokyo and Bonn are blamed for not doing enough to stimulate demand for US goods to allow American industry to capitalise on its competitive gains.

In Europe the analysis is fundamentally different. The return of the US to international policy co-operation also nations representing the other included a commitment to reduce its budget deficit considerably. From the European perspective it is this deficit, and

tates, which is behind the imbalance in US trade. Of course, there are other reasons for the trade deficit's failure to respond to a lower dollar. The traditional lag before trade volumes adjust to exchange rate movements—in economists' jargon the J-curve effect—is one.

Another is the asymmetry of

the dollar's decline. It has fallen sharply against the curfor roughly half of the US trade; but has hardly depre-ciated at all against those of

much more of a long-term prob-lem than that of West Germany is in part at least a reflection of the structural imbalance be-slide, they will have to offer tween savings and investment something in return. opportunities in Japan. "We believe we must clarify

the subsequent gatherings at the annual meetings of the IMF is that Washington should stop looking for quick remedies. A half-point cut in the German discount rate would make an invisible dent in the US trade

At the same time, Mr Baker's counterparts will be urging that the good intentions of the Gramm-Rudman-Hollings deficit reduction bill are quickly translated into action.

Above all, however, they will be asking the US Treasury Secretary to stop talking down the dollar. "There has been a great deal too much loose talk on this deal too much loose talk on this subject, I hope there will be a great deal less." Mr Nigel Lawson, Britain's Chancellor, said at this weekend's meeting. The fear is that the US cur-

into a free fall, driving US interest rates higher and the American and world economies into recession. At the same time the IMF's analyses suggest that a further depreciation of the dollar against other major cur-rencies would have only a slight beneficial impact on the trade

Mr Baker's comments on the dollar have tarnished his image. "The Americans have no sense of history... they don't remember the disastrons consequences of the dollar's devaluation in the letter 1070s." in how tion in the late 1970s," is how one senior European official puts it.

And the huge Japanese sur- The Europeans are aware, plus which the International however, that if they are to Monetary Fund regards as restore calm to the markets and to persuade the US to be pre-pared to intervene to support the dollar if it continues to

opportunities in Japan.

The message that European governments will take to Friday's Group of Five talks and mon ground was the comment of one senior official at the Glevic sales talks. One aspect of that or one senior omeral at the steeleagles talks. One aspect of that
might be an attempt to put
Japan back into the spotlight
as the real villain, particularly since the Tokyo Government's latest package of expansionary measures is regarded as dis

appointing.
More difficult will be finding a way of giving Mr Baker some sort of political victory to present to American voters ahead of November's congressimal of November's congressions

One possibility might be to present the still preliminary work done by the IMF to agree a set of uniform indicators for economic policy and performance in the leading industrial nations as a successful US initiative to establish a framework for balanced growth.

Although West Germany faced some discreet pressure this weekend to make it clear to the Americans that the door had not been closed perma-nently on an interest rate cut. no one was optimistic that a reduction could be delivered in

the next few weeks.

"There just is not that much to offer to the Americans: it may come down to trying to persuade Baker that a dollar collapse would be just as bad for him as for us," one European when the termination of the trying trying the trying the trying trying the trying trying the trying trying the trying t If that is the case, any smiles and handshakes this week will be strictly for the cameras.

US still hammering home the Plaza message

A year after Mr Baker, the US Treasury Secretary, transformed his country's foreign econmic policy with the Plaza agreement the world economy is still haunted by the twin threats of currency instability and protectionism which stem from America's massive trade from America's massive trade

But sceptics who feared then that the agreement represented no more than a quick fix to a pressing political problem—the imminent threat of restrictive rade legislation in Congress—aave been forced to reconsider. Mr Baker today claims the that the adjustment of the rela-tive values of the currencles has tive values of the currencies has been accomplished in an orderly way without any resurgence of inflation and without any constraints on (the US's) ability to attract capital."

But it is evident from the unremitting pressure which the US continues to apply on Germany and Japan to stimulate their economies that the "success" of the Plaza accord is only partial.

British connections, which specialises in rescuing troubled

giant Los Angeles based First Interstate Bancorporation Cairns and Hallwood stayed in

Cairns' decision to join

The British connection

In spite of the sharp decline in the value of the dollar from its peaks in February 1985—a decline which may or may not have been accelerated by the Plaza accord—the US trade deficit this year is heading for a new record of around \$170bn. The leakage of demand abound a new record of around \$1700n.
The leakage of demand abroad
continues to sap the vitality
from an American economy
filting with a recession which
could further damage the
world's trading system.

help to tip control of the Senate to the Democrats in November's mid-term elections.

There is no doubt that the post-Plaza fall in the dollar in the past year has been helpful to the Administration. It has helped contain the US-trade deficit hand, under the rubric of economic co-operation, produced two internationally coordinated cuts in interest rates aimed at boosting economic growth in the major industrial mote higher growth abroad, abroad, there will need to be further there will close ours.

A major problem for the US to another round of interest rate cuts. Fed vice-thairman Manuel Johnson admitted as much last week.

Mr Baker is however hopeful the from the use of the another round of interest rate cuts. Fed vice-thairman Manuel Johnson admitted as much last week.

Mr Baker is housting economic that the process of economic policy co-ordination hammered of interest rate cuts. Fed vice-thairman Manuel Johnson admitted as much last week.

Mr Baker is for the US to around \$150bm in 1987.

It is a forecast which is already drawing sceptical reviews on Wall Street, but one which will allow the US to around \$150bm in 1987.

It is a forecast the fact that domestic economic the fact that domestic ec help to tip control of the there will need to be further Senate to the Democrats in exchange rate changes to reNovember's mid-term elections.

There is no doubt that the limplicit in such statements is

that faster growth in Europe and Japan will reinforce the effects the lower dollar should eventually have in stimulating US exports. Third World debtors also benefit from lower interest rates and stronger growth in industrialised coun-

the growing intensity of pro-tectionist sentiment in the US. This, they argue, is rooted in the country's historic isola-That Dr Pat Robertson, the

from an American economy firting with a recession which could further damage the world's trading system.

The Republicans in the White House and in Congress are already fearful that the unchecked trade deficit and associated economic weakness may bein to the control of the co

ate together the international compatability and internal comsistency of their economic fore-casts through monitoring a set Mr Baker himself warns that

countries agreed there to evalu-

if there is not a "good faith effort to enhance co-operation and co-ordination by making the process work," then the US

primary commitments at the Plaza": to resist protectionist

On the evidence of the past year there is no reason to doubt Mr Baker's determination to keep the pressure on the other industrial countries to follow problems.

The care with which he picks his moments to "talk the dollar down" suggests that he is well

approach.
Indeed, it could boomerang.
Adverse reactions in the finan-

cial markets, slower export growth in Japan and Germany as their currencies appreciate against the dollar and their exports falter, and the fact that the dollar is not falling against .** the currencies of some of its most important trading partners could still spell defeat for the Plaza strategy.

Stewart Fleming

IT IS hard to accept that a appalled by the October shift, mere letter of the alphabet arguing that trade-ins would be should cause so much turmoil, for so long, in the UK motor winter months, stocks would trade and industry. But such is the case with the yearly registration prefix—a letter. Their representative body,

is the case with the yearly registration prefix—a letter denoting the year of sale. It is seeking to reduce the size of the Motor Agents Association, favours July—a position firmly the sales bulge which once occurred in January, the dealers and the manufacturers have created a monster.

The distortion of the seasonal pattern of new car sales—and the consequent adverse effect on production—now caused by the prefix change in August has reached absurd levels. More than 20 per cent of the year's sales are made then, at the expense of demand slackening as early as May, and July sales of around one-tenth the August

around £35m for a shift to October.

The conclusion seems obvious: the yearly identifier should be abolished and seasonal market forces should once more hold sway. Only two significant objections have been raised.

One is the fear that without the "one-upmanship" sales incentive provided by the prefix total new car sales could fall. For an industry suffering badly from over-capacity, that would be serious. But it would require a very significant—and

Last week they sensibly agreed to shelve their differences while a full assessment of possible alternative systems is carried out under a "nationally known chairman."

While the inquiry proceeds, the Government has been asked to retain the August change and

The other objection, put forward by the Home Office, is that the police see the identifier

Men and Matters

A year ago James Cairns, 49year-old US banker, was sitting
on top of the world. He was
just about to step down after
a successful stint as head of
the powerful American Bankers Association, the main trade
association for the nation's
14,000 banks and return to his
amall bank in Seattle.

Then he was offered the task mostly single-family homes in the UK which because of rent control and tenancy laws were

their vacant value. Then he was offered the task of reviving the fortunes of the troubled First National Bank of Oklahoma, one of the bigger in the US oil patch. But the group's main claim to fame is its expertise in "corporate rescue financing." Among its recent deals it has fifth biggest US independent driller, and Brook Hotel Cor-poration of Dallas, one of the biggest Holiday Inn licensees. He knew the bank was in difficulties but felt it worth quit-ting the People's National Bank in Seattle, where he had worked

in Seattle, where he had worked for 23 years to take on the new challenge.

Shortly after he moved into the executive suite of Ckiahoma's second biggest bank, oil prices slumped, First National and to be rescued and Cairns was out of a job. Typically, Hallwood offers to retire bank debt at about half face value which it finances by nace value which it manices by
underwriting deep discounted
share issues with a varity of
US and European institutional
investment groups including
Carimore, M & G. Prudential,
Save and Prosper and Scottish
Amicable. Now he has joined the Hall-wood group, a US merchant banking operation with strong

With Cairns on board, Hall-wood is hoping to become more heavily involved in helping troubled US banks. Cairns says Cairns and Hallwood first failures are going to continue met last summer when Hall-wood offered to buy First National, but lost out to the giant Los Angeles-based First their doors.

Concorde boom

Cairns' decision to join Hailwood, where he will be part-time president of its financial institutions group and a director of its small Amsterdam bank, Insinger, Willems and Cie is a coup for this little known group, hased in Cleveland, Ohio, but with a sizeable following in the City of London.

Its foots are essentially

Its roots are essentially British and it did not have a Jacques Douffiagues, the Liberal Transport Minister, sunounced the end of subsidies

thanks to its sought-after daily Paris-New York-Paris service and charter flights. Air France paid back to the government half its Concorde profits or a sum of FFr 40.4m. With Concorde now operating

British and it did not have a public presence in the US until April 1984, when it merged its operations with two US real estate investment trusts which Hallwood had financially restructured.

Headed by Tony Gumbiner, a 41-year-old British solicitor, Hallwood in the UK specialises in buying up old property-rich companies. It owns about 900

Liberal Transport Minister, announced the end of subsidies for Concorde saying that the decision was a move towards greater "budgetary transparency."

Shocking pink

Trouble down t TSB mill. As the deluge of application forms for the deluge of application forms bursts into the receiving banks, harrassed sorters are dividing them into three piles—green forms from employees, pink



profitably, the supersonic jets will now be treated as any other sircraft operations for the pur-pose of Air France's balance sheet this year. However, Con-corde's overall investment charges are still higher than its current operating profits.

But the ensuing deficit will now be covered by the state airline which reported a profit of FFr 728m last year.

ones from registered depositors and white ones from the rest of the world. Quite early in the process, it

control early in the process, it is said, the level of subscriptions on pink forms began to assume alarming proportions until someone pointed out that it was not the TSB's intention to give preferential treatment to readers of the Financial Times.
Meanwhile another rumou

meanwhile another rumour doing the rounds in the City is that the pink forms, which assure applicants of at least some shares in the issue, have been changing hands in the black market at £20. What price my copy of last Tuesday's FT?

Bowled out

Scottish MPs may be forgiven for knowing little about cricket, but fams may be pleased to know that Edinburgh Labour MP Ron Brown got a sharppitched reply from his fellow Scot, EBC director general Alasdair Milne when he wrote to him suggesting that the BBC should provide sub-titles with cricket broadcasts to explain what the game is all about, Milne said in his reply that, as a Scot, he had to pay some attention to "the sporting tastes of 45m English people," The game is the national summer sport and attracts between Im and 2m viewers. As for sub-titles, he rejected them out of hand. them out of hand.

Brown is still not satisfied.

"Cricket is boring," he says,

"but that's not the point.

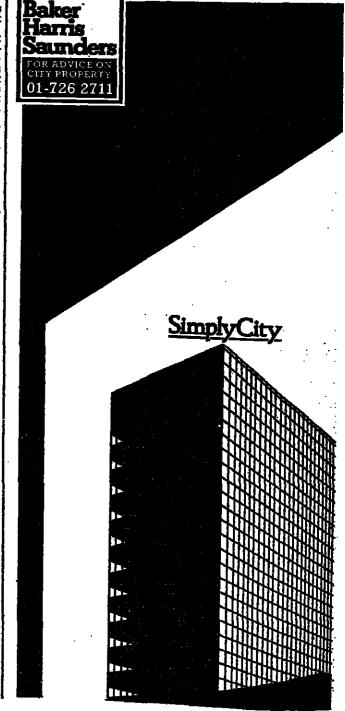
National and international issues are more important than mere sport, including football."

I wonder what Edinburgh's

In Vino Veritas

I wonder what Edinburgh's Hearts supporters think about

Heard from an intense middle-Heard from an intense middle-aged woman in a wine bar in London's Kensington: "You know me, Angela, I'm not one to bear a grudge—not even against people who've done things to me I can never forgive."



THE VERDICT of the Shultz-Shevardnadze talks in Washingtion over the weekend is plain but equivocal. Both sides can see the makings of substantial agreements, notably in nuclear arms control, which would more than justify the holding of a second Reagan-Gorbachev against But they are not sure summit. But they are not sure —or at least the Americans are not sure—whether they really want to go down this road after all.

Ostensibly, there are objective stumbling blocks, in the shape of Daniloff, Zakharov and the 25 Russians. But even if we do not know who laid these traps on the path to the summit, or why, the way they are now being handled by both sides makes them look like pretexts. for deeper misgivings, certainly on the American side, over the political implications of a productive summit. To some people in Washington, in short, managed condict may be more comfortable than anything that

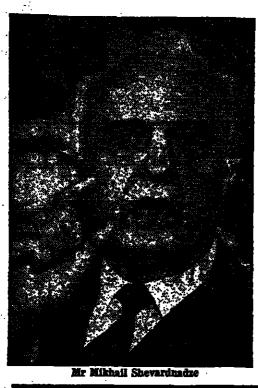
This does not mean that a second summit will not be held—the odds must still be in favour; nor that the two superpowers will not reach a major nuclear arms agreement—they may; merely that Washington and Moscow are still pondering whether, and at what price, they can replace the violent ups and downs of the recent past with a calmer and more amicable relationship.

For the past six years the world has been measurised by the erratic swings of the arms control drams. Will they, won't they, will they do a deal?

In 1980, under the twin pressures of Ronald Reagan's presidential campaign and the Soviet invasion of Afghanistan, the laboriously negotiated Salt 2 arms control agreement finally lost the chance of ratification in arms comical agreement finally lost the chance of ratification in the US Senate. In 1981 the superpowers resumed negotiations, this time on Euromissiles, and continued fruitlessly until 1983 when the new US weapons were deployed and the Russians walked out of the Geneva negotiations.

In 1985, a new triple-barrelled set of negotiations started up in Geneva, on strategic, inter-mediate and space weapons, and by the year-end summit between Mr Reagan and Mikhail Gorbachev, both sides were talk-ing about deep, 50 per cent cuts in strategic weapons

January 1986, Mr chev was talking about a phase agreement to from all countries world-wide, by the end of the century. But by the middle of the year, Moscow had backed off from 50



Foreign Affairs

Mr Reagan hesitates to go for the big one

By Ian Davidson



Part of the explanation, no doubt is that President Reagan, is not himself particularly well-informed on the technicalities of arms control, and is thus more susceptible to the pushings and the pullings of the opposing barons within his Administration. But another reason is that tion. But another reason is that he has also, whether deliber-ately or unconsciously, adopted postures which necessarily load the arms control agends with the maximum charge of political intensity.

In his forthcoming Chatham House Paper on Arms Control, Lawrence Freedman divides arms controllers into two philosophical schools: the reformers and the managers. printed printed and the managers. The reformers and the managers. The reformers want to bring about major changes in the international system, because they regard the arms race as inherently bad and dangerous, and a cause of international tension. They therefore see the purpose of arms courtol as the reduction of nuclear (and other) arsenals. The managers, by contrast, believe that East-West tension derives from quite independent conflicts of interest and ideology; that not merely is there no "arms race" to speak of, but that the balance of mutual deterrence is fundamentally very stable; and that the purpose of arms control is to ensure that that stability is sustained by the predictability

west summit. It was all very baffing. And then came the Daniloff affair, which was even more baffing.

Part of the explanation, no doubt is that President Reagan, is not himself particularly well-informed on the technicalities of arms control, and is thus more the summer of the sum toying with the idea of intro-ducing anti-missile defences, the ABM treaty stopped the process virtually dead in its tracks.

The second Salt treaty continued the management process, but not until President Jimmy Carter (one of nature's refor-mers, if ever there was one) had tried and failed to divert the negotiations down the path of deep cuts: President Brezh-nev was interested in menage-

Now the paradox is that Ronald Reagan, that epitoms of the right wing, is also one of nature's reformers in the field of arms control. All his proposals have been simple and sweeping, designed to change the world and make it a better and a safer place; the so-called the world and make it a better and a safer place: the so-called Zero Option of 1981, which would have banned all intermediate-range nuclear weapons from Europe; the proposals for deep, 50 per cent cuts in the Start talks; the Strategic Defence Initiative, otherwise knwn as Star Wars, otherwise hoped would make nuclear weapons "impotent and obsolete."

mentally very stable; and that the purpose of arms control is to ensure that that stability is sustained by the predictability of a framework of agreements.

Now it is notable that the high point of nuclear arms control, the Anti-Ballistic television, Yet the oddity is

that he has committed himself alienate two constituencies: to proposals for radical changes in the international arms control environment, in terms of the environment, in the environment, in

they must be negotiated.

There is a conventional sort of wisdom which says that a sides, and if it is to get whole-right-wing Republican President is much better placed to do a deal with the Soviet Union, because he cannot be accused by Jesse Helms of being soft on Communism; that was why, in by Jesse Helms of being soft on Communism; that was why, in the last resort, the Democrat, Jimmy Carter, failed to bring home the second instalment of a process started by the Republican, Richard Nixon. Now this conventional wisdom may have a banal grain of truth in it. But it does not satisfactorily encompass the configuration strains inside President Reagan's philosophy, between a visceral Manicheism about the essential nature of the relations essential nature of the relations between the US and the Soviet Union, and the Utopian opti-mism implied in his arms con-

For whereas President Reagan's arms control proposals are those of a reformer, his other pronouncements are those of a man who would not naturally believe that reform was possible, let alone that it could be negotiated with the Russians. If the Soviet Union is indeed an "evil empire," as he has claimed, or if the Russians are prepared "to lie, to cheat, to steal," then they do not seem ideal partners in the enterprise of reform.

A radical reduction in nuclear

A radical reduction in nuclear arsenals would be likely to

Reagan will not forswear, however tangentially, his pre-cious Star Wars unless he can cious Star Wars unless he can secure a major nuclear reform, ie a deep cut. The launching of Star Wars in March 1983 brought the Russians in the end to a negotiation on radical nuclear weapons reductions; at the same time, however, it may have raised the stakes too high to be negotiable in political

hearted support from President Reagan's own party, it must be buttressed by far-reaching veri-fication methods; but since no verification can be perfect, there must also be a significant ingredient of trust. Where will this trust come from? From the personal belief of the two leaders in the goodwill of each other?

Lombard

A tax reform nobody needs

By Michael Prowse

Nigel Lawson, the Chancellor, unveiled the personal tax green paper on Budget day, no fewer than four Treasury ministers have made a total of five tubthumping speeches explaining the virtues of the proposed changes. The standard of rhetoric has been unusually high: only last week, Mr John MacGregor accused critics of the proposals of wanting to treat married couples "on a par with married couples "on a par with strangers standing next to each other at a bus stop," and he reminded women that the taxman still treats them like characters in a Jane Austen novel—which cannot be altogether bad.

It would be tempting to argue that the Treasury's rhetoric has aroused little enthusiasm

NOBODY CAN say that the treated like characters out of British Treasury has not tried Iris Murdoch rather than Jane to sell its proposals for reforming family taxation. Since Mr some cases transferable allow-nigel Lawson, the Chancellor, ances could worsen the position unveiled the personal tax green of a married woman: if she paper on Budget day, no fewer went out to work after a period than four Treasury ministers in the home either the would in the home either she would pay full tax on the first pound earned or her husband would experience a fall in after-tax income as the family's second allowance was transferred back to the wife. Some economists estimate the number of employed women might be reduced by 200,000 as a result.

Transferability, as the Down ing Street policy unit under Mr John Redwood was brave enough to point out, would also create huge administrative headaches at a time when most countries are striving to simplify their tax codes. The clean, economical and simple solution It would be fempting to argue that the Treasury's rhetoric has aroused little enthusiasm because the man-in-the-street is sharp enough to see the flaws in Mr Lawson's plans. The truth is that many people are bored by tax reform and anyway do not regard the present regime as too awful. If more people understood that, at a cost of £5bn, the Chancellor is planning to give every married couple two tax allowances is earning, more support might (mistakenly) be forthcoming. If you spend this sort of money you ought to be able to make some people happy.

The cost of transferable allowances is a powerful argu-

sides, and if it is to get whole-hearted support from President Reagan's own party, it must be the surfressed by far-reaching verification methods; but since no verification can be perfect, there must also be a significant provided by the surfressed by far-reaching verification can be perfect, there must also be a significant provided by the surfressed the surfressed by the surfressed by

Cost of TV quality

From the Technical Director, Thorn EMI Ferguson

Str.—John Chittpek's thought-ful article (September 18) on "The high price of picture quality" fairly describes the situation which faces some of today's television engineering managers. Those brought up in the technology limited environ-ment of this industries' forma-tive years are still having to come to terms with the periodic lack of marketing enthusiasm for developments equivalent to those which, in the past, might well have gone straight through to production "an the nod."

to production "an the nod."

However, in the case of HDTV many UK and other European engineers believe that this time they have "got it right" both in technical and commercial terms, with the proposal for a fully compatible gradual development of the "MAC" system into a truly high level of performance, "Evolution, not Revolution."

There are genuine technical reservations about the NHK/MUSE HDTV system, but there MUSE HDTV system, but there is no need to dwell on these. Suffice it to say that it really is much better suited to the Japanese or US studio (for which it was designed) rather than to the European home. Of equal or greater importance were the commercial objections: the very point which Mr Chit-tock was making, because of its extremely high introductory cost both to the broadcaster

and to the viewer.

The Japanese system is wholly incompatible with anything that we have at the moment — or are likely to have. Everything, from studio equipment to domestic receivers would simultaneously have to be both new and expensive. "High definition" programmes could neither be received on existing sets, nor recorded on existing recorders; at least not without the simultaneous duplication of transmissions into the low definition standard as well. It would and to the viewer.

missions into the low definition standard as well. It would evolve into a low penetration service for the well off — hardly television for the masses.

The European counter proposal, now elevated to Eureka project status sponsored in this country by Thorn EMI, and elsewhere by Philips, Thomson and Bosch, is specifically designed to avoid this trap. At the same time a full facility for world-wide programme exworld-wide programme ex-change is to be retained.

While consumers benefiting from the improvements will from the improvements will obviously have to meet additional costs, these would become due progressively as the service or standard develops, and even then fall only upon those who wish to pay. Older MAC receivers awaiting replacement will continue to be of meeting.

Letters to the Editor

Cambridge House, Great Cambridge Road, Enfield, Middlesex.

Pensioners' bouquet for Grand Met

From Mr P. R. Hyatt Sir,—In recent months your columns have been full of references to companies which have been reporting actuarial have been reporting actuarial surpluses on occupational pension schemes. In many cases these have been used to provide improved benefits or reduced contribution rates to members still in service. Just occasionally a few crumbs are handed back to the pensioners, the real value of whose pensions has beeneroded to 25 or 30 per cent of their value at retirement date in the early 1970s or earlier.

earlier, It is therefore encouraging to report that after personal repre-sentations made to Sir Stanley Grinstead and his board, Grand

P. R. Hyatt. 3 Alderley Court, Chesham Road, Berkhampstead, Herts.

Volatile market in electronics

From Mr K. Wharton Sir,—in your survey on Office Equipment (September 15) you rightly make the point that this is the growth industry of the 1980s, and probably the 1990s as well. The electronic keyboards and attendant micro processors which are built into electronic typewriters. Word electronic typewriters, word processors, and personal com-puters are leading this growth. What is not so often recog-nised, however, is that these

to their existing owners without quality loss or programme
denial.

Lessons have been learned
"Big Bangs" may have a place
in the City, but they are not
always welcome in the living
room.

D. R. Topping.

Cambridge House.

same electronics produce a very
volatile market, and the vendor's shares can change very
dramatically and very quickly.

Mr Caplo De Benedetti of
Olivetti summed it up very
clearly when he said at a conference recently: "Product and
market planning are crucial:
one mistake and you are dead."

His own company's performone mistake and you are dead."
His own company's performance is testimony to his comments as its industry standard personal computer has captured 20 per cent of the European market just two years after it

When Lord Stockton was Prime Minister he once said of the Treasury statistics that "it was like trying to run a railway with last year's Bradshaw." It would appear from the recent string of dismal results produced by the electronics sector that the many organisations are still trying to do the

Keith Wharton. Wharton Information Systems. Regal House, London Rd, Twickenham, Middlesez.

Award for import prevention

Sir,—Slagging British manufacturers is a pastime only to be equalled by the complete in-difference of most members of the public as to where products they buy are made.

where?
Secondly, we have a Queen's
Award for Exports. Admirable,
of course, but why not one for
import prevention? It would go
to those who wish to remain
British but who go unrecognised
for their efforts that in a lot of
cases are undoubtedly less
profitable than taking the soft
oution of relying on imports.

operations room in Northern
Ireland in the early 1970s
had its patent coffee-making
machine, while the few remaining tea-drinkers had to resort
to such expedients as the Gaz
burner.

However, the quality of the
infantryman, when it was put
to the test, had not declined in option of relying on imports. A. J. M. Price.

Britannia Way, Lichfield, Staffs Debris always part of the Thames

From Mr H. Purchase Sir. - Under normal circum- | The Rubber Growers' stances the letter from Mr Roy Association, Watts (September 10) would 90, Fenchurch St, EC3.

fill me with confidence. Experience negates this, regrettably.
As someone who has rowed, sailed and boated in a whole variety of other forms on both the tidal and non-tidal Thames for close on 50 years, all I can say is that great lumps of debris have atways However, the river is probably cleaner in "health

terms than it was. Substantial penalties for d positing litter may be partial solution, but I suggest that the cost of cleaning would be pro-hibitive.

Harry Purchase. Sharwood House, Coronation Rd, South Ascot. Berks.

Non-executives available From Mr M. Priest

Sic,—The Institution of Mechanical Engineers also holds a register list of experienced non-executive directors (letters, September 9 and 16). In the past we have liaised with the Institute of Directors and with the Promotion of Non-Executive Directors, but to our knowledge no placement has yet been made from our list.

The IMechE is willing to supply information and details to any company that would care M. Priest.

Manager—Professional Services.
Institution of Mechanical
Engineers, 1 Birdcage Walk,
SW1

A refreshing conclusion. From Mr P. O'Meara

Sir,—Throughout the Swinging Sixties my observations, conducted in a British infantry battalion, matched Mr Gosling's (September 12); tea consumption declined, and that of coffee increased in the orderly room, in company officer and in the they buy are made.

I would like to suggest two ways of correcting this unhealthy thinking.

Recently, changes in the preparation of major companies' balance sheets dictate that they have to state how much they export, and to where. Why not extend this legislation to include how much they import and from where?

Secondly, we have a Queen's Award for Exports. Admirable, had its patent coffee-making

> However, the quality of the infantryman, when it was put to the test, had not declined in any way over those lean years. While, therefore, I cannot upset Mr Gosling's theory relating tes consumption to the quality of British cricket, I beg to caution against extrapolating from it to any other patriotic or macho pursuits.

P. H. B. O'Meara.

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10.30 am, 25th September

Value of Offer is based on share price of BET at 3,30 p.m. on 19th September, 1986. HAT share price and HAT share price before offer are prices at 3.30 p.m. on 19th September and 21st July, 1986 respectively.

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FINANCIAL TIMES

Monday September 22 1986



Roderick Oram on Wall Street

Mid-West spell loses its grip

was taking no chances on Friday when "triple witching hour" struck. Regulators flew in from Washington to scrutinise the first attempt to dampen market volatility which was triggered by the once-a-quarter witching hour when stock index futures and options and individual stock options simultaneously ex-

All day the electronic mes boards scattered around the trading floor asked members to "extend every courtesy" to the visitors who were observing the expiration and the pilot procedures in 30 Dow in-

The exchange need not have wor-ried. It turned out that the boisterous elements on the market had departed eight days before when the steepest daily drop in share values in 24 years allowed many futures players to take their profits early.

The premature departures spoilt the NYSE's experiment - prompted by the Securities and Exchange Commission (SEC) and watched eagerly by the Commodity Futures Trading Commission (CFTC) - for traders to declare their "market-onclose" orders in 30 blue chips half an hour before the closing bell.

Satisfaction with the performance was expressed by Mr Robert Birnbaum, president of the NYSE, and Mr Richard Ketchum, the SEC's director of market regula-

success or failure" until all the data had been analysed, Mr Ketchum

"It went very quietly. The market reacted very well," Mr Birnbaum said. But it is "too early to tell whether we would use the same procedure or do something else in three months' time." He reiterated the Stock Exchange's preference to coincide with the market's opening to give traders the full day to smooth out orders. Such a move however would require co-operation from other exchanges and the changes would take some time to

tors, Friday will have done little to stock index futures. To their fans, they are ways to hedge, arbitrage and otherwise maximise returns and/or minimise risks in the stock

To their detractors, they turn the stock market into a volatile casino, a disorderly house into which no respectable money manager or small investor dare venture.

Deep beneath the debate runs the undercurrent of a culture clash. Stock index and other financial futures were born in the commodity futures pits of Chicago, the city which made its first fortune as "hog butcher to the world." High-risk boom and bust trading is in the blood of Chicagoans. When the NYSE plunged on September 11, six futures traders had to sell their Chicago exchange seats that night to meet margin calls.

By trading in stock indices, which are no more than baskets of shares, these high rollers are treating shares as commodities. They look askance at the Easterners who carefully research selected stocks in the hope of spotting a winner. In-dex futures are a "no-brain" game, retort the traditionalists.

Chicagoans had to push hard to get stock index futures rolling. But six years on it is, ironically, those Easterners who are booked. At least four types of participants have joined the players who still account for roughly half the volume, according to Morgan Stanley Capital Markets. These are:

Investors arbitraging between stock index futures and the under-lying stocks. Although they account for about only 15 per cent of futures volume, their programme trading is making them the villains of the piece among people seeking scape-goats for the stock markets' roller-

 Large brokerage houses trading on their own accounts mostly for short-term gain. They generate about 12 per cent of the volume. Individual investors playing futures for their personal gain and account for about 5 per cent of trade.

count for about 5 per cent of trade.

Institutions and corporations using futures as portfolio insurance, seen as the original benefit of futures. Their business represents about 18 per cent of the total.

Quite what effect these players have on the stock market is fiercely argued and tends to generate more heat than light. At the moment, the SEC is firefighting rather than managing the forest. It is concentrating on reducing expiration-day volatility rather than laying bare the fundamentals.

This leaves some people, shut out of the game by timidity or lack of resources, believing Chicago is making another fortune: This time as stock butcher to the world.

Robin Pauley. assesses a growing political issue in Britain

Tax reform takes centre stage

has again been thrust before the British public by politicians trying to gain votes by making existing taxes less painful - or at least making it appear so.

This indicates not only that the

summer is over and the political conference season is in full swing, out also that the opening shots have been fired in the campaign leading up to the next British general elec-tion which must take place no later expect it in the spring or autumn of

Traditionally, the political argument has been between the Labour Party, which has wanted to raise benefits for the poor and tax the rich, and the Conservative Party, which has wanted to cut taxes and restrain expenditure on benefits. This has been changed by the third party force of the Liberal-Social Democrat Alliance which now nakes a consistently strong show-

ing in the opinion polls.

The Social Democratic Party has dragged the complex subject of the political stage. It confirmed at its conference last week that it intends to make its plans for a radical reform, by integrating the taxation and benefits systems, a major elec-

The Liberal Party starts its conference today and it plans a variation of the same theme. The Labour and Conservative Parties, both with conferences within the next three weeks, jumped in with their views. Suddenly, pobody wants to be left

cording to the World Bank. The

bank said these countries saw their hopes of faster growth founder last

itself for structural adjustment pro-

The social consequences of aus-

terity programmes could be severe for the poor and caused political strains in a number of countries.

The Bank sees increasing conver-gence on the need for growth-oriented programmes rather than

those aimed at depressing domestic demand.

Growth in the developing countries slowed last year to 4.3 per cent the World Bank says. This was

Rover reviews

plant's future

Continued from Page 1

dustrial world slowed.

British citizens living outside the UK have only 2% weeks in which to register if they want to vote in a general election called before February 1988. Only about 5,000 people have so far registered out of an estimated 500,000 or more equatriates who are eligible. Page 8

comes of the poor, simplifying the tax and benefit systems and mak-ing them consistent with each other. Inevitably, such schemes for the redistribution of wealth involve either beavy costs or substantial

No scheme so far proposed is painless. Under the Alliance schemes, losers could start as low down the income scale as £10,000 (\$14.750) a year and couples in which both the husband and wife work would fare worse than couples in which the wife stayed at home. The Labour plans imply a hefty £4,000 a year increase in the tax bill for people earning £30,000 a year.

Both seem likely to deter as many new voters as they might attract and all the parties have declared their intention to do more work to come up with better schemes. The Conservatives have come up with nothing so far, limiting themselves to scorning all ideas put forth, claiming variously that they will lead to higher taxes for all middle income groups, the highest top tax rates in the world and a "brain drain" with Britain's best managers and industrialists

In fact there is nothing extreme about the burden of tax and social security contributions in Britain. The percentage of total personal in-

task' in restoring economies

Developing countries face 'hard|

DEVELOPING countries face the depressed commodity prices, in-hard task of restoring their econ-omies and credit worthiness, ac-most of the developing world.

But total aid to the region, expect-ed to reach \$32.8hm between 1986 and 1990, would leave a resource

developed countries to the develop-ing world. In Africa per capita in-

erosion of incomes per head. Since

1980, this region's per capita GDP

This year the region began to emerge from one of the worst fa-

mines in recent history, and the

bank expects per capita incomes to rise for the first time in five years.

However, low-income Africa still re-

mains poorer today than a quarter

of a century ago.

The bank reports an encouraging

has fallen by 16.6 per cent.

However, last year saw rhetoric ing world. In Africa per capita intranslated into action, the World comes declined for the fifth consec-

lished today with agreement on the need to stimulate growth in the heavily indebted developing world and increased lending by the bank also deteriorated, leading to further thank for the structure of interests.

fleeing the country.

contributions) in 1983 - the last year for which comparable data are

Sweden heads the league at 25 per cent followed by the Nether-lands, West Germany, Belgium and Switzerland, all over 20 per cent. Then come Britain and Canada (17 per cent) followed by the US at 16 cent, Australia and France (15 per cent) and Japan at 12 per cent. The same sort of league table oc-curs if personal income tax is

gross earnings paid in income tax by an average production worker with two children ranges from 34 per cent in Denmark to 0.4 per cent in France with the UK and US both in the middle at 18 and 15 per cent

tres around the fact that tax becomes payable at a very low level of income - £2,335 a year for a single man and £3,665 for a married man. The starting rate of tax is high at 29 The next rate of tax is 40 per cent

which starts at £17,201 a year and the top tax rate is 60 per cent pay-

security costs. This starts at 5 per All the opposition parties have come taken by direct taxes on cent at an income as low as £1,976 at the general election if it is n ideas which have common aims of households and social security conyear and is up to 9 per cent by the run the risk of paying the ultimproving substantially the intributions (excluding employers' time income tax starts to be paypolitical price.

gap of \$2.5bn, the bank says.
"Without additional resources

the form of new aid and debt relief,

their efforts at structural adjust-

ment, their attempts to help them-

tious in their approach to develop-

ing countries last year. Long-term net disbursements to developing

countries totalled about \$36bn in

1985' the World Bank reports, while

interest payments on long-term debt reached almost \$58bn.

\$13.1bn in 41 countries through the

International Bank for Reconstruc-tion and Development (IBRD) and \$3.1bn in 37 countries through the

International Development, in its

IBRD lending in the year to June

1987 has been set at between \$13.5bn and \$17bn, while IDA lend-

1986 fiscal year, ending in June.

The bank itself made loans of

able. So effectively there is a tax rate of 38 for cent at the starting point of income tax.

The real problem in Britain is the ay in which the taxation and social security systems interact in a way which means that several million people on low incomes find it vir-tually impossible to increase their incomes because the more they earn the more they lose through tax payments and the withdrawal of

sale" boards, and short-life estate

agencies are sprouting in short-

more than including in a gesture of distaste for the cyclical saturnalia? Perhaps not: Mr Micawber's dic-

tum on self restraint is invariably

trotted out when the housing mar-

ket shows signs of overheating. But

in this cycle of aggressive lending and high-running house prices, the

market is based on an institutional

structure quite alien to the queue-

the 1970s. Banks and insurance

companies are deeply enmeshed with the market, making house

property a cornerstone of their

growth plans. Houses are financial assets; the Englishman's means of

gearing up. And housing finance is just one among so many deregulat-

ed financial markets, escaping to the fringes of prudential control.

The simple tests do seem to con-firm that borrowers and lenders have grown bolder than they were.

New loans approximate more close-

ly to 100 per cent of the property

value and the average degree of in-come cover for the interest has

roughly_haived in the last seven

years. It seems, moreover, that

packets of mortgages are likely to

Boldness

Many people start to lose their so-cial security benefits as their in-come rises. The combined effect of tax payment and lost benefits can be that people on very modest in-comes face a marginal tax rate as high as 70 or 80 per cent on new

A further political problem is that successive changes to the income tax regime since the Conservatives took office in 1979 have greatly benefited the well paid while the poorer paid, particularly the imem-ployed, have become relatively

For example, the 90,000 people with an income in excess of £50,000 have received income tax cuts worth an average £12,780 a year. At the other end of the scale, the number of people living on or below the official poverty line - an income of £8,400 a year or less for a family with two children - has nearly doubled from 5.9m in 1979 to 10.2m

tion - which is paid towards social portant that it will have to come up with its own radical ideas before

A LONG-AWAITED agreement be tween the US and Britain on co-op-eration in the regulation of securities and futures markets is due to be unveiled tomorrow by Mr Paul

It will provide for exchanges of information between regulators seeking to track down trading will thus better equip them to cope with the increasingly cross-border nature of trading in securities.

An additional effect will be to

Later, the CBOT is to have trad-ing links with the London Internahange is expected to expand its

series of bilateral deals which also

Links on securities regulation agreed

The accord follows months of in tense and delicate negotiations be-tween the Department of Trade and Industry and the US Securities and Exchange Commission. It has also involved other regulatory bodies on both sides of the Atlantic such as Britain's Securities and Invest-ments Board and the US Commodi-

clear the way for the individual reg-ulators to approve trading links be-tween exchanges, plans for which tween exchanges, plans for which have been held up while the governments have negotiated.

The London Stock Exchange, for example, plans a link with the Philadelphia Stock Exchange under which the two exchanges currency options contracts will become inter changeable. The Chicago Board of Trade (CBOT) has applied to trade futures based on the Financial Times-Stock Exchange index of 100

tional Financial Futures Exchange (Liffe) and the London Stock Exlinks with US stock exchanges.

The US-UK accord is one of a involve Japan.

Recently, however, pressure has been growing for far more exten-sive co-operation between regulato-Recently, howe ry authorities in response to the in-

lease corner shops. From Vienna, a discreet distance, by means of a speech, the Bank of England has cautioned mortgage lenders against letting their borrowers get over-extended. Was the Governor doing more than indulging in a gesture of distaste for the cyclical saturnalia? sion of foreign lenders mainly in senders will be the tess likely to restrain themselves, or accede to mornous ownership to properties for which no secondary market existed was a risky policy from the beginning. At the other extreme, the speculative character of the central London housing market seems to have taken on a few new twists. London house prices are notoriously higher

THE LEX COLUMN

A mortgage for

the Governor

desire to stem the tide of mortgages It is another question whether the evolution of housing finance is causing genuine problems. Looking at the aggregate balance sheet of the householding sector, it is possi-ble to take comfort from the extent to which these signs of credit ero-sion are offset by the growth in per-sonal holdings of financial assets. The well-known leakage from mort-gage lending seems to have stabi-lised at about half the amount borrowed; this has evidently gone into unit trusts and high-interest deposits as well as consumer durables. Phillips & Drew estimates that liquid savings outweighed mortgage liabilities at the end of last year by about two fifths.

sion of foreign lenders, mainly in

big-ticket loans, and the Governor's

But it is unlikely that the liquid ssets can be concentrated among the same people who have borrowcome. In a major tightening of interest rates, there could indeed be a rise in the rate of casualties among borrowers, the value of whose major asset classically drops ever faster, the more urgent is the need for Although the middle ground of

curitised mortgage market so long as the underlying loans do not exthe housing market should never-theless hold fast, even with 20 per cent mortgage rates and 20 per cent come - a multiple that used to be considered on the daring side. unemployment, there are vulnerable patches at both ends of the Given the new fixed investment of banks and insurance companies in the property business – to the naked eye, an industry with no entry barriers and low margins, which

London is blanketed with "For has extracted extraordinarily gen-ule" boards, and short-life estate erous terms from the buyers - these programme; extending home-tencies are sprouting in short-lenders will be the less likely to res-

average than are London incomes. Of course, the ability to tolerate a given ratio of income gearing rises with income, since a smaller pro-portion is needed to meet living expenses. Since the prosperity zone around the capital has consistently pulled incomes further ahead, the disparity in prices could be expected to widen.

Exaggeration

But the way that the City's (the financial heart of London) interna-tionalisation has linked pay scales to those available in New York or Chicago has done something to exaggerate the effect, as has the corporate need for significant numbers of foreign bankers and brokers to be housed in central London. It is probable that the colonisation of the City has wound the price spiral tighter by introducing a pool of (reltively) price-insensitive demand.

If one were to look for the micromarket where it made most sense to worry that prices might conceiv geared homeowners, this would fit the bill. If the foreign shock troops were withdrawn – after the general election, say - that could help tilt the market, from Chelsea to Docklands, out of chronic shortage into over-supply. It is idle to suppos that if the expected shakeout of incomes arrives in the aftermath of Big Bang there will be no ripples in-to the housing market. Nowhere would a credit squeeze affect in-comes more sharply than the City.

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<u>Deutsche Bank at a glance</u> (Dec. 31, 1985) :

 Total Assets (in bn US\$) Capital & Reserves (in bn US\$) 3.8 1,410

 Branches Worldwide Employees Shareholders

245,000 "The leading bank in Germany - a world leader in international finance."

Deutsche Bank



96.4

48,851

start for its special facility for sub-Saharan Africa. The bank approved \$782m of credits in 15 countries during has been set at SDR 2.7bn. well below the average rate of \$782m of cred growth achieved before 1989. With ing the year. Report details, Page 5 **EEC urges stable \$**

The Longbridge assembly complex at Birmingham, with 14,000 workers, will be retained as the core of the business because it also manufactures engines and gear-At Cowley, there is the obvious

option to concentrate all assembly in the north works where investcurrency turbulence. ment has taken place recently for the launch of the new Rover developed jointly with Honda. There is adequate capacity to transfer Montego assembly from the south

The logical time to vacate the south works would be in 1989 when the replacement model code named the ARS is scheduled. This car, cru-cial to the attack on the fleet market, is being developed jointly with Continued from Page 1

the subject. I hope there will be a great deal less."

The one man who did not look particularly happy at the progress of the talks was Mr Karl Otto Pohl, the Bundesbank governor, whose insistence on maintaining West Germany's discount rate sparked Mr Baker's retort and the resulting

The British, French and West IMF staff papers prepared for the German finance ministers met annual meeting which stressed the again yesterday morning to co-ordinate their common position for the Group of Franchiston. Group of Five talks scheduled for Friday, in advance of next week's annual meeting of the International Monetary Fund (IMF) and the

World Bank.

ington is putting too much store by the need for faster growth in West Germany and Japan or on a lower dollar, to correct its \$180bn annual trade deficit. They believe attention should rather be on the US budget deficit as the principal culprit.

Mr Onno Ruding, the Dutch Fi-nance Minister and chairman of the IMF interim committee, quoted

"It is not a good instrument to correct large imbalances on the current accounts," he said. "It is the wrong instrument." He criticised the priority given to political consideration in US economic policy-mak-A key concern emerging from eraction in US economic policy-makGleneagles is that the US Adminising, and argued that, for once, ecoration has its economic analysis
wrong. The ministers believe Wash-

World Weather 77 Dahreesik Güstergis Fasteris San Fasteris Fasteris Fasteris San Fas

on farm trade and the terms under to claim victory. which services could be discussed. The US had warned before the negotiated changes that extended meeting that it would walk out of the areas for discussion to "all di-

the sector be kept separate.

On agriculture, the EEC put up a tough battle to alter the wording of the text which implicitly targeted negotiations towards an elimination of the export subsidies that are to handle anything beyond trade in

down over the wording of the text. compromises that allowed all sides On the farm trade issue, the EEC

Gatt agrees new round Continued from Page 1

10 countries continued to insist that the negotiating process.

a vital component in its Common
Agricultural Policy (Cap). A "free
traders" lobby of 14 countries, led
by Australia and openly backed by
the US, sought tougher language.

Both problems were resolved by

The solution came by having the
negotiations on goods launched by
the Gatt contracting parties and the
services sector handled in a separate declaration by Ministers.

the conference if services were not rect and indirect subsidies," theremade an integral part of the trade by bringing non-export aids many round, while the hardline group of of which are used by the US into



SECTION II - COMPANIES AND MARKETS

FINANCIAL TIMES

Monday September 22 1986



INTERNATIONAL BONDS

Caution dissolves into unmitigated gloom

BY ALEXANDER NICOLL IN LONDON

gated gloom.

For Eurodollar bonds, the poor state of US credit markets amid the The issue For Eurodollar bonds, the poor state of US credit markets amid the current revival of inflationary fears market last week did so on terms have basis points above US Treasuries at

EURONOTES AND CREDITS

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tiated - rumours have been flying around the market after the recent A \$150m issue on Friday for did spark some interest from investors.

A \$150m issue on Friday for did spark some interest from investors seeking currency gains and

common "I think I'm going to take appeared irrational. The potential the bottle of sake out of my desk drawer and just drink it."

With some bonds falling two points on the day, the wood of the points of the points on the day, the wood of the points of t urawer and just drink it."

With some bonds falling two points on the day, the mood of caution which had prevailed for most of the week dissolved into maintigated gloom.

With some bonds falling two prompted the Association of International Bond Dealers to consider on the day, the mood of caution which had prevailed for most of the week dissolved into maintigated gloom.

Was viewed as agressive for such a frequent borrowing reasonable reception.

The view of the week dissolved into maintigated gloom.

The view of the view of the view of the issue view of the view of the issue view of the issue view of the view of the issue view of the view of the

state of US credit markets amid the current revival of inflationary fears is compounded by the weakness of the currency, which forces non-US investors to hold well back.

Not only that, but recent tremors in world equity trading have meant an even more than usually exciting time in the market for amity-relate.

Syranons.

The issuers which did brave the market last week did so on terms which would mostly have been launch net of fees, also suffered from the general malaise.

There was no retail interest in the market, and the only chances of shorter maturities met some demand, and prices were little currency gains and way's guarantee, priced to yield 54 trading was quite lively at times.

There was no retail interest in the market, and the only chances of shorter maturities met some demand, and prices were little currency gains and way's guarantee, priced to yield 54 trading was quite lively at times.

There was no retail interest in the market, and the only chances of shorter maturities met some demand, and prices were little currency gains and way's guarantee, priced to yield 54 trading was quite lively at times.

There was no retail interest in the market, and the only chances of shorter maturities met some demand, and prices were little currency gains and way's guarantee, priced to yield 54 trading was quite lively at times.

There was no retail interest in the market, and the only chances of shorter maturities met some demand, and prices were little currency.

time in the market for equity-relation i

AS THE Eurobond market's steep decline left even the week's smarter deals isolking bedraggled, one syndicate manager on Friday evening than those of the underlying shares due to their gearing effect.

Price movements have at times relatively well. A Banque Indosuez tion amounts of each depending on whether the gold price rises or falls. 178 on the back of the US competition price for maximum redemption price for movements have at times deal for DKB Asia did less well, a Banque Indosuez tion amounts of each depending on whether the gold price rises or falls. 178 on the back of the US competition price for movements have at times deal for DKB Asia did less well, a Banque Indosuez tion amounts of each depending on whether the gold price rises or falls. 178 on the back of the US competition price for movements have at times deal for DKB Asia did less well. yet another deal, this time in European currency units, which met a

> MARKET TURNOVER Turnover (\$m) 4,673.6 1.9 1,618.0 3,251.4 1,953.1 0.4 5,212.0 2,382.2 2,117.9 77.1 828.6 125.2 138.4 — 523.9 44.1

mand, and prices were little changed to slightly firmer. The market is suffering, however, from the high-profile problems of some issuers, notably Dome Petroleum. A formerly high-flying Swiss 66,568.5 60,162.6 23,137.3 15,436.3 A formerly high-flying Swiss franc issue for ICN Pharmaceuti-

Ireland wins fine terms on \$400m loan facility

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

A LONG awaited \$400m loan facility for Ireland surfaced in the Euroty for Ireland surfaced in the Eurocredit market late on Friday. Ireland has awarded the mandate to
Chase Manhattan and Mitsubishi the Finance Ministry in Dublin the Finance Ministry in Dublin to the part of t

Terms of the deal are predictably fine. They include an annual facility fee of 4 basis points for the first two years, rising to five thereafter. Drawings on the accompanying

The mandate follows a protected and intensive bidding war in which Ireland had been expected to drive become all the more difficult in a growing, it does mean that less debt.

The mandate follows a protected cess.

Fine tuning loan conditions has its total foreign debt, which is still provided in the more difficult in a growing, it does mean that less debt at rates at which it could be sold to

says it has not been expecially con-

More important has been the mer holidays.

need to achieve terms that were Against this it has a number of

it than France. Yet, it is launching a cerned to compare its own terms deal on terms to lenders only slight-with those of any other particular by more generous than those agreed

standby credit will beer interest at fine without being so mean as to factors in its favour. First, unlike tion has decided to postpone for an-Libor (London interbank offered jeopardise the deal in fact Ireland France, it does not traditionally bor other three months discussion of a standby credit will bear interest at Libor (London interbank offered rate), although there will be a utilised offered received offered offered sation fee of 7% basis points if more than 25 per cent of the total is taken rising to 12% per cent on drawings amounting to more than 75 per amounting to more than 75 per cent on drawings are fine, it still wants a suc-

way that seeks to avoid requiring dex such as the US Federal Reserve any individual bank to put up an excessively large commitment. The per in New York. This index is calcessively large commitment. The arranging banks are now seeking to put together a group of 20 lead managers underwriting \$20m apiece to agers underwriting \$20m apiece to tightly kept secret. So far no organisation has been found that could the same job in the Euro-

So far the association cannot see Finally, the deal is structured in a its way to the construction of an in-

> perform the same job in the Euromarket; the fear is that a commer-cial organisation might be perthat the paper of lesser-rated bor-

Saga **Petroleum** seeks capital

By Fay Gjester in Oslo

SAGA Petroleum, the Norwegian oll independent troubled by each flow problems, is to seek NKr 535m (\$74m) of fresh capital from the market through a one for two rights issue at par (NKr 60 per share). This is believed to be the largest capital expansion issue ever launched on the Norwegian market. On Friday, Saga shares were quoted at NKr 66.50.

The new issue, proposed by the board at the weekend, will be underwritten by a consortium com-prising many leading Norwegian industrial, shipping and finan-cial concerns, while Volvo of Sweden, which has a 20 per cent stake in Saga, has confirmed that it will take up its full share.

Members of the underwriting esortium are Elkem, Fred Olsen, Investa, Kosmos, Norcem, Norske Skog, and Notway's four largest commercial banks - Den Norske Creditbank, Christiania Bank, Bergen Bank and ABC Bank. The Kvaerner heavy engineering group, which ewns 29 per cent of Saga, is not repre-sented in the consortium. Earlier this year, Kvaerner gave Norsk Hydro an option – valid until end 1986 – to acquire its holding in

Shareholders will be asked to conveniences will be asked to approve the new issue at an ex-traordinary meeting on October 28, and subscription lists will be opened from November 17 to De-cember 1.

Saga, founded more than a decade ago, has yet to pay a divi-dend. Badly hit by the world oil price collapse, the company's revenue from its small stakes in producing fields, is far below its investment obligations in the many promising Norwegian li-

First steps towards **UK** self-regulation

nutes off from the market's pound-investors. ing on Friday for a meeting at From January 2 next year, each which they nodded through a set of reporting dealer will inform the

on to be heartened. Failure to est and lowest prices at which it aprove basic tenets of secondary dealt in each issue that day. This is market practice would have east serious doubt on the AIBD's plan to prices which may eventually be displayed if the AIBD's study of US. act as a recognised investment ex-change within Britain's new regula-

Market makers, however, have more reason than the general AIBD lation. Although three quarters of the AIBD's 850 member firms are outside the UK, 83 of the 122 market makers, now called reporting dealers, are based in London. They will soon face the choice of falling

in with the new UK requirements or moving offshore.

rules that will undoubtedly be seen as the first steps towards the self-regulation soon to be required by UK legislation.

ABD electronically every evening of its closing bid and offered quotation for each bond in which it has committed to make markets. From The Association of International Bond Denlers (AIBD) had good readealt in each issue that day. This is played if the AIBD's study of US over the counter share trading is

change within Britain's new regulatory structure. This is still viewed
with deep suspicion by many of the
AIBD's continental members.

Market makers, however, have
more reason than the seneral AIBD obligations. These also include nembership to submit to self-regu-naking prices in a representative ation. Although three-quarters of number of securities in market sectors, and in a minimum \$500,000 round lot for active dollar straights. The most sensitive issue of all. a

brokers trade only with reporting dealers, was settled by a compro-The new rules, although watered identities of parties to deals down from the original proposals through brokers, the brokers themfrom the Secondary Market Makers selves – providing they are each Committee, represent a significant willing – will be subject to periodic step towards ensuring a liquid and audits.

Assicurazioni Generali lifts net profit by 35%

ce subsidiaries and 38 finan- the net profit of L334.2bn.

ASSICURAZIONI Generali, Italy's cial, property and agricultural sub-leading insurance group, reported a 34.6 per cent increase in its 1985 from abroad.

Generali, founded in 1831 when Trieste was part of the Austro-Hungarian empire, has substantial operations in West Germany, France, Austria and other countries.

invested came to 17.590bn, a rise of

Austria and other countries. 20 per cent year on year.

Based in Trieste. Generalli has 46 ed for just over half of the group's Life insurance business account

All of these securities have been offered outside the United States. This announcement appears as a matter of record only.

U.S. \$100,000,000



East River Savings Bank

Collateralized Floating Rate Notes Due August 1993

The interest rate on the Notes for each quarterly period will be the sum of 0.05% per annum plus the arithmetic mean of London interbank offered quotations ("LIBOR") for three-month Eurodollar deposits prevailing two Business Days before the beginning of each Interest Period. The interest rate for the Initial Interest Period will be 5.925% per annum.

Salomon Brothers International Limited

Bankers Trust International Limited

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

Banque Paribas Capital Markets Limited

Credit Suisse First Boston Limited

Goldman Sachs International Corp.

Kidder, Peabody International Limited

The Nikko Securities Co., (Europe) Ltd.

Mitsui Trust International Limited

Morgan Stanley International

Shearson Lehman Brothers International

Nippon Credit International Limited

Sumitomo Trust International Limited

Taiyo Kobe International Limited

Soditic (Jersey) Limited

Takugin International Bank (Europe) S.A.

These Bonds having been sold outside New Zealand and the United States of America this announcement appears as a matter of record only.

September 1986



CHASE CORPORATION FINANCE NEW ZEALAND N.V.

Curação, Netherlands Antilles

Swiss Francs 150 000 000 5% Bonds 1986-1993

guaranteed by and with detachable options exercisable into ordinary shares of

CHASE CORPORATION LIMITED

Auckland, New Zealand

SODITIC S.A.

LLOYDS BANK PLC

BANK HEUSSER & CIE AG

ROBERT FLEMING AG

BANCA UNIONE DI CREDITO AMRO BANK UND FINANZ

Banque Paribas (Suisse) S.A.

Banque Scandinave en Suisse

Banque Kleinwort Benson SA

Citicorp Investment Bank (Switzerland)

The Industrial Bank of Japan (Schweiz) AG

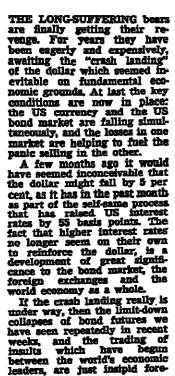
Société Bancaire Julius Baer S.A.

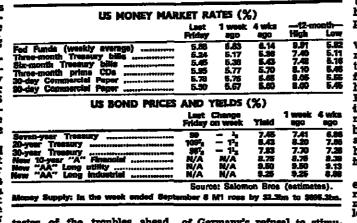
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Inflation becomes public enemy number one





for once they switch to a genuinely bearish mode, the markets will have no difficulty interpreting all news as had news is precisely the same way as they have seen nothing but make they have seen nothing but make they have seen nothing but make they have seen nothing but of Germany's refusal to stimulate its economy, was the worst blow to hit the bond market last week. What is remarkable cabout this development, as Smith Barney noted in its weekly credit comments, is that such a statement "would have been positive news a few yields may be sustainable at a statement ago since at that time good news in the past two years. The talking down of the dollar by Mr James Baker, the US Treasury Secretary, is a case in point. Mr Baker's suggestion, that the dollar would have to fall further as a result

welcome return to reality in market psychology. The idea that a declining dollar was good for the bond market was always highly questionable. The Federal Reserve Board's cutting of short-term interest rates may have been encouraging, but the basic balance of supply and demand in the bond market has deteriorated as the dollar has fallen.

Despite all this gloom, however, there are a number of reasons for believing that the market has overreacted—at least on bond prices,

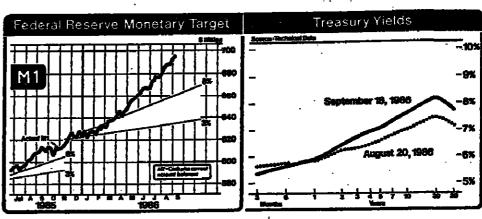
yields may be sustainable at around their present levels or even slightly less. First, the trend in inflation may not conmonths ago since, at that time, it would have implied a policy that would foster lower interest trend in inflation may not contact." What has changed, of course, is the markets pre-

bas suddenly re-emerged as import and commodity prices, public enemy number one.

To some extent this marks a tion of the dollar. In principle, inflationary spiral. It can, instead, have a once and for

all effect on prices.
If US workers are prepared to accept the cut in living standards implied by a higher overall price level—or if the weakness of the unions gives them no choice but to do so-then permanent inflation need

Assuming inflation can be limited to the four to five per cent range, the next issue that arises is whether the long-term real interest rates of 2.8 per cent to 3.8 per cent to 3.8 per cent implied by present bond yields are realistic. In the recent past, of course, real interest rates have been much higher, but in a their long-term swerage, not



longer time frame it seems quite unlikely that investors will secure real rates which average more than 2½ to 3 per cent over the course of a business cycle. This raises the next question

only because the Fed will tend to ease but, much more importantly, because of the fall-ing demand for credit and the increasing savings accompany a receasion.
Furthermore, the trends
towards growth or recession are
more likely today to be observed
on a global than a national
scale. Devaluation of the dollar
may stimulate the US economy,
but only at the cost of even

Europe. For the world as a whole, therefore, a further move towards recession seems more likely than a marked more likely man a marked acceleration of growth and credit demand and the less co-operation there is among world economic leaders, the longer the period of economic weakness is likely to continue. Anatole Kaletsky

UK GILTS

Fall quickens as pound sinks against DM

dealer brokers in the new structure of the glits market must be hoping that their baptism of fire next month is less furious than the past week

The fall accelerated sharply on Thursday as the pound bore the brunt of the D-Mark's rise in the foreign exchange markets and rubbed in the effect of three weeks of declining prices. Since the beginning of September, yields on the FT Actuaries high coupon 25-year gits series have risen by 75 basis points to 10.20 per cent. This takes them back more than half-way towards their peak in James of the pe

Yield volatility at the shorter ried volatility at the shorter maturities has been greater, rising by 101 basis points at 15 years to 10.6 per cent and by 128 basis points at five years

to 10.82 per cent.
It may be of some consolation to the Government, if not to giits market investors, to reflect that the four-point fell in prices at the long end over the last week is in large part the back-

fort and Washington.

The 101 pfennig fall in sterling may be slightly less anguishing to the British authorities when caused by something as far beyond their control as Mr Karl Otto Poehl of the West German Bundelbank than if it were occasioned by, for instance, disappointment with the UK's belance of payments (August figures are due out on Wednesday).

They rode out the worst of the decline on Wednesday and Thorsday and the Bank of England's intervention on Friday afternoon was more a

Friday afternoon was more a signal of insent than sy attempt to drive the exchange rate

The fall has, nevertheless, taken place and it is a brave man who believes that sterling is in any shape to reverse more than a small portion of the slide. irritation

Whitehall appears to be greater with Mr James Baker, the US Treasury Secretary, than with Mr Poehl at the long end over the last who opened the hostilities last averse to discussing serious week is in large part the back- week. Mr Raker's willingness matters like interest rates while wash of a tiff between Frank- to talk down his own currency Finance Ministers are present.

is greeted with annoyed dis-belief — it is certainly not a policy that British Chancellors have been able to indulge in for some time.
It is also unlikely to do much

good to the US bond market, since international investors are rarely encouraged by the prospects of an accelerated de-preciation. The gilts market may suffer accordingly, both through the spread and through the exchange rate.

Mr Poehl, however, has raised the hackles of several other central banks in the Euro-

pean Monetary System whose currencies, like sterling, have been put under increasing pres-sure by the D-Mark surge he triggered last week. The Bank of England is more likely to have lined up with the Italians and the French at Glensagles over the weekend, although central bankers said on Friday that the Bundesbank had responded stonily to telephone pressure during the week. Mr Poehl is notoriously

signs of releating on interest rates, however, the message maye still get through that tempers need to cool before the meeting of the Group of Five Finance Ministers in the US on

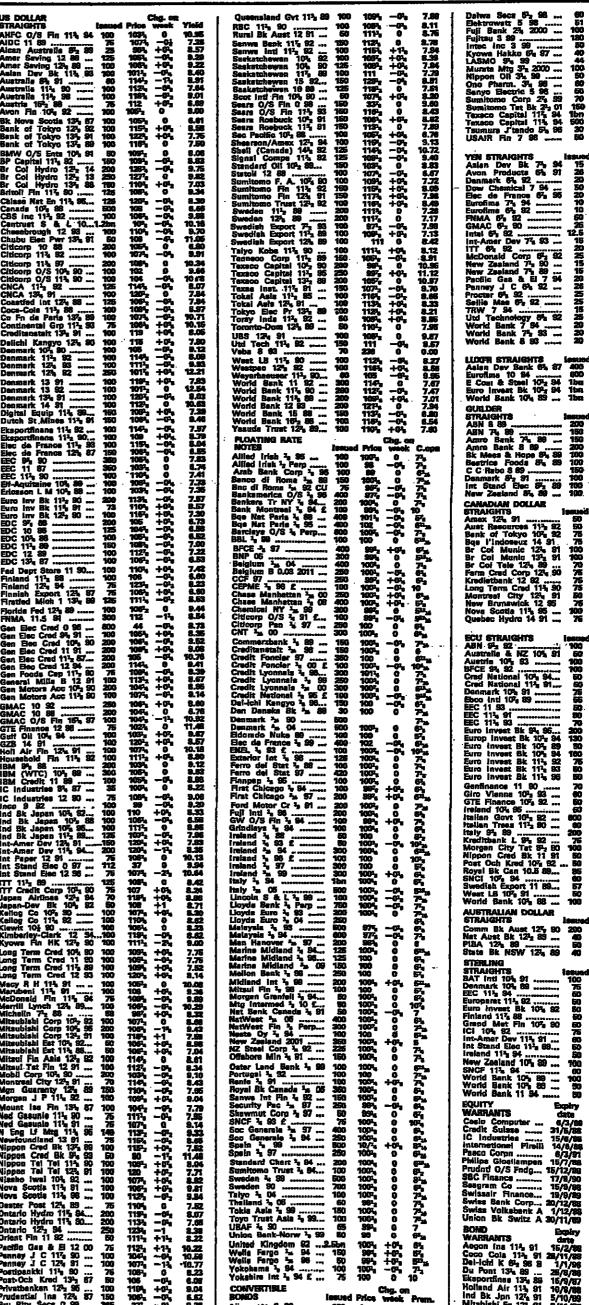
rising over the effects on the gilts market of the new capital adequacy requirements pro-posed for building societies. Brokers Greenwell Montagu and Capel-Cure Myers have both argued that the rules would impose an unduly heavy penalty on the building societies (which on the bulling societies (which currently hold around £10bn of gilts under five years and up to £1bn over five years) for holding any stocks with over

three years to maturity.

Mr Bill Allen of Greenwells says that the effect may already have been felt, and that selling by building societies could at least partly account for the semantary partling. for the somewhat peculiar hump that has appeared in the yield curve around the five-year

George Graham

FT/AIBD INTERNATIONAL BOND SERVICE



U.S.\$100,000,000



Dansk Eksportfinansieringsfond

(Danish Export Finance Corporation)

8 per cent. Notes due 1991

MORGAN GUARANTY LTD DAI-ICHI KANGYO'INTERNATIONAL LIMITED **BANCA COMMERCIALE ITALIANA** BANK OF ÅLAND LTD. BANQUE GÉNÉRALE DU LUXEMBOURG S.A. BANQUE NATIONALE DE PARIS CRÉDIT COMMERCIAL DE FRANCE CHEMICAL BANK INTERNATIONAL GROUP FULL INTERNATIONAL FINANCE LIMITED DSL BANK DEUTSCHE SIEDLUNGS- UND LANDESRENTENBANK KYOWA BANK NEDERLAND N.V. IBJ INTERNATIONAL LIMITED MITSURISHI TRUST INTERNATIONAL LIMITED LTCB International Limited THE NATIONAL COMMERCIAL BANK (SAUDI ARABIA) THE NIKKO SECURITIES CO., (EUROPE) LTD. SPAREKASSEN SDS SUMITOMO TRUST INTERNATIONAL LIMITED TOKAI INTERNATIONAL LIMITED VEREINS-UND WESTBANK AKTIENGESELLSCHAFT YAMAICHI INTERNATIONAL (EUROPE) LIMITED DEN DANSKE BANK PRIVATBANKEN A/S COPENHAGEN HANDELSBANK A/S FAELLESBANKEN A/S

10th July, 1986

All of these securities have been sold. This announcement appears as a matter of record only.

Dome

asks for

debt relief

ern Canadian energy producer and one of the world's biggest corporate debtors, has asked its 56 creditors

for a wide range of concessions to save the company from liquidation.

India strengthens airline boards

BY JOHN ELLIOTT IN NEW DELHI

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Mr Rahul Bajap, 47, chairman of Bajaj Auto, which is one of the world's largest manufacturers of scooters, has been made chairman of Indian Air-lines the domestic carrier. lines, the domestic carrier.

The appointments were The appointments were amounced at the weekend along with 10 other board members from the private sector. They are in line with the government's policy of putting more professional managers on making action bearing. public sector boards. The new members replace permanent secretaries from Ministnes such as Finance, Civil Aviation and External Affairs, and the Chief of Air Staff.

"There has been a lot of duplication with these people on the boards, and bureaucrats do not understand international

TWO OF India's most prominent younger industrialists have been made chairmen of the country's two nationalised airlines as part of a shake-up which replaces top divil services, nonexecutive directors a year before the companies are to be merged.

Mr Rahul Bajaj, 47, chairman of Tata Industries and heir apparent to the leadership of the family industrial empire, has been made chairman of Air apparent to the leadership of the family industrial empire, has been made chairman of Air fluids, the international carrier, which was founded by his cousin, Mr J. R. D. Tata, now 200 Mr Rahul Raian 47 chairman 40 years ago.

Mr Rahul Raian 47 chairman 47 chairman 47 chairman 40 years ago.

Mr Rahul Raian 47 chairman 40 pears ago.

Mr Rahul Raian 47 chairman 51 pears provised pears ago.

Mr Rahul Raian 47 chairman 61 pears pears ago.

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Mr Rahul Raian 47 chairman 67 pears pears pears ago.

Mr Rahul Raian 47 chairman 67 pears pears pears ago.

Mr Rahul Raian 47 chairman 67 pears p

First mutual fund launched

SMALL SAVERS in India SMALL SAVERS in India are to be encouriged to invest in the expanding stock markets through the country's first mutual fund, which was opened to subscribers last Friday, reports John Elliott.

The fund, called Mastershare, has been launched by the Government-owned Unit Trust of India (UTI) with a nominal upper limit of

nominal upper limit of Rs 500m (about \$40m) which the Ministry of Finance has said can double to Rs 1bn.

Mr S. Venkitaramanan, secretary of the Ministry, said at the weekend that a minimum of \$2.750m uses

expected in small stakes. A second tranche might be floated later if there was sufficient demand. Units would be sold through fertiliser agents and petrol stations as well as banks.

"Mastershare is for the masses. For the first time the common man is being given a chance to invest in the stock market," be said.

Last mouth the UTI success-Lest month the UTI successfully launched the £75m India Fund with Merrill Lynch of the US to attract foreign investors, including Indians living abroad. Further such funds are now being constitiered.

about replacements needed in 1992-4 for Air India's fleet of

nine Boeing 747s.
Two other executives from Two other executives from the Tata empire, India's biggest industrial grouping, are joining the boards along with Mr Ratan Tata. Mr Russi Modi, chairman of Tisco, the Tata steel company, has been appointed to the board of Indian Airlines along with Dr Francis Menzes, director of the Tata Institute of Management.

of Management. of Management.

The appointment of Mr Bajaj is significant because it shows that the government is not necessarily discriminating against businessmen caught up in a controversial campaign being waged by the Ministry of Finance against the black economy. Tax raids were made on the premises of Bajaj Auto and its dealers last December.

European and Japanese banks, gave the plan an initially cool reception. A senior official at one Canadian bank said that the plan is "only a framework and a fairly scanty one He predicted that the banks would act as a more cohesive group than they have in previous negotia-tions with Dome, "because no len-der is high and dry."

The plan makes no mention of and its dealers last Dece specific amounts of debt which Dome hopes to convert to equity,

nor does it disclose details of re-The company said that two ratios, still to be negotiated with lenders, would be used to determine interest rates on various portions of each lender's debt and the amount of debt to be converted to preferred Mr Jim Hamilton, energy analyst at the securities firm Bell Gouin-

supporting various groups of debt. Any debt which cannot be serviced from cash flow would be deferred

Ralston approaches food group **Petroleum** BY WILLIAM HALL IN NEW YORK

RALSTON Purina, the world's largest petiood producer, has entered by Bear Steams and Gruss and Co, has offered to buy back two-thirds the Houston food processor and has announced that it is negotiating to buy the company for \$750m.

The news that Anderson, Clayton and Ralston Purina were having takeover talks came less than 15 minutes after a Delaware court that be intended to recommend to his investors group. The latter plans to sell Anderson's pet food to acquire control of the company.

Mr William Stiritz, Ralston Purina's chief executive, indicated that the intended to recommend to his

minutes after a Delaware court court has barred Anderson, Clayton he intended to recommend to his blocked Anderson, Clayton's con-troversial recapitalisation plan.

from proceeding with the partial board the purchase of Anderson, troversial recapitalisation plan.

buy-back offer until October 10. The Clayton at a price of \$82 in cash per Anderson, which has been under court's decision was the second le- share, subject to negotiations

	save the company from liquidation. The proposals, contained in a 37-	NEW INTERNATIONAL BOND ISSUES							
	page recapitalisation plan, include conversion of some of the compa- my's C\$6bn (\$4.3bn) debt to pre-	Bonowers	Angant st.	Maturity	Au, iše years	Coupon %	Price	Sook Russer	Offer yie
•	ferred shares, concessional interest	H.S. DOLLARS							
	rates and an extended repayment	Asstri Chemical Ind. 91	200	1991	6	31/4	188	Nomers let.	3.12
	period.	BFCE 1	180	1991	5	7V4	1001/4	BNP	7.18
	Mr Howard MacDonald, chair-	Citicom I	288	1989	3	71/4	101	Goldman Sector	6.87
	man said the plan "would see the	Predental Funding ‡	125	1983	7	8	181	Pro-Bache Sees.	7.80
	lenders get much more of their	Nat. Australia Sk (c)†‡	258	Peep.	_	15hp	106	Merrill Lynck	
	money back than they would be by	UBS ‡	150	1989	3	7	101	UBS (Secs)	8.57
	forcing a liquidation. We are con-	DKB Ásia ‡ Banque Indossez ‡	1 90 180	1983 1991	7 5	8	1015/s 102	Dai-Ichi Kangyo kyt. Morgan Szanky	7.69 7.50
	vinced that, in the long run, oil	Chrysler Fig. Carp. (d) † †	290	1989	3	**	102	Renous Parities	7.54
	prices will recover and it's a matter	New Zeslent (f)‡	186	1996	10	81/4	991/2	Goldigen Sachs	8.41
	of surviving the downturn."	Now Zenland (f)	150	2216	38 7	₽Va	68	Goldman Sacks	8.43
	Some of the company's lenders,	Decement (a) I	128	1993		3	1001/e	Société Générale	2.98
1	which include major US, Canadian.	Norges Kommentback 2	150	1984	8¥c	8	1811/2	Sankers Trest Int.	7.73
	European and Japanese banks.	Generale Bank 1‡	50	1991	5	(b)	100	Mitsui Trept let.	
	gave the plan an initially cool recep-	CANADIAN DOLLARS						· —	
	tion. A senior official at one Canadi-	Asea Cap. Corp. (a) ‡	75	1991	5	\$1/2	1007/4	98S (Secs)	9.30
	an bank said that the plan is "only a	AUSTRALIAN DOLLARS							
	framework and a fairly scanty one	Basische Konm. Land bit I	35	1991	5	14%	12114	ANZ Merchant Bank	14.01
	at that."								
	He predicted that the banks	D-MARKS	-		_	****		90 FI	
	would act as a more cohesive group	Ryobi Ltd. 9		1994		(1%)	100	DG Back	
	than they have in previous negotia-	SWISS FRANCS	_	-					
	tions with Dome, because no len-	Pagasus Gold Corp. (a) 5‡	68	1996	-	5%	100	Bqu Gutzwiller, K. B.	5.75
1	der is high and dry."	XX Capital Holding (6) 51 Chastan Pulp led. ** 11	108	2001	-	5 % 2	108	Boe Gutzwiller, K.B.	5,52 0.79
	The plan makes no mention of	Texas Eestern Corp.	188 700	1991 1996	<u>-</u>	¾ (51⁄3–5	100	SBC Chase M'Instian (Suitae)	0./0
	specific amounts of debt which	FESC**F	43.8	1990	_	43/4	1001/2	SBC	4.51
	Dome hopes to convert to equity.	EBS ‡	150	1998	_	4%	991/2	Saditic	4.93
1	nor does it disclose details of re-	ishizuka Glass **¶	35	1991	-	(1)		Credit Salasa	
	scheduling or interest rate targets.	Ishikara Sangyo **\$	190	1992	_	(11/4)	188	Swiss Volksbank	
1	The company said that two ratios.	BP Cenadian Hold. ‡	_ 118	1995	-	4%	25%	UBS	4.70
	still to be negotiated with lenders.	American Engle Pet. 15	30mm	1994	_	<u>(7%)</u>		Chemical NY Cap. Mkt.	
	would be used to determine interest	American Ex. Bank ‡	298	1996		5	100	Soditic	5.06
1	rates on various portions of each	FRENCH FRANCS							
ļ	lender's debt and the amount of	Eurofime ‡	490	1994	8	7%	188	Société Ginérale	7.87
1	debt to be converted to preferred	188 ‡	1.5be	1995	18	7.2	97.3	Banque Parites	7.59
1	Shares.	LIDGEMERCERIS FRANCS							
١	Mr Jim Hamilton, energy analyst	Optokumpu **1	300	1991	5	71/2	108	BGL	7.50
1	at the securities firm Bell Gouin-	CONTOERS							
١	lock of Calgary, estimated that	Malaria I	100	1993	7	744	. \$91/2	ABN	7.34
1	Dome's assets would support only	World Bask 1	25D	2086	20	6%	. 8572 891/2	ABNL Amro	6.29
ı	C\$2.5bn in loans or roughly 40 per								
ı	cent of the total. He predicted that	ECUs	40	1994	10	744		E Pa-3	2 00
ı	the lenders would eventually agree	Pharme Cap. Holdings (j) §	40	1230	10	744	198	Banque Peribes	7.25
ı	to a recapitalisation plan rather	YEN							
ı	than allow a receiver to oversee the	Société Générale 🕽	1 6 5e	1931	5	81/2	1151/6	Daiwa Europe	4.90
Į	liquidation of the company.	Postipenkki ‡	10ba	1992	6	81/2	117%	IBJ Int.	5.11
١	in terms of the plan, payments of	Senitomo Corp. ‡	25tm	1991	5	81/2	115	Nouse ist.	5,03
ı	both interest and principal will be	Bayerische Landeshk ‡	186a	1992	6	81/2	117.066	Tokai lot. ·	5.12
ı	based on cash flows from assets	* Not yet priced. I Final terms.	** Private slace	mant, § Con	vertible. † A	eating ret	actes. 9	With equity warrants. © With I	and wearant
Į	supporting various groups of debt.	Il Carrency linked. (a) Convertible	e into gald or st	ock (b) Dou	bie convertibi	le. (c) 15	bp over Ga	Liber, (d) 1/4 over lim Liber, add	itional \$100
ŀ	Any debt which cannot be serviced	tap. (a) Additional CSSOm tap.	(f) Legisched on	US domestic	c market. (g)	Bull-bear	issue, rede	estion amount Saised to gold or	ica. (h) First
ı		ure neve of last 3 we 4 3546	over Sm Jihre. 1	(ii) Second b	w Few Affins o	er Manetane	an Beach of C	learnest zero energe harde. No	wa. Vialde a

Decline in earnings at Minorco

Kosmos buys 49% of Bergesen

By Our Financial Staff

MINERALS AND Resources
Corporation (Minorco), the Bermuda-based international investment vehicle of the Anglo American group of South Africa, has reported a decline in net earnings to US\$72m for

Africa, has reported a decline in net earnings to US\$72m for the year ended June 30 from \$105m in the previous year. Net earnings per share were 42 cents against 61 cents. A dividend for the year of 24 cents is being paid.

At the operating level, there was a 56 per cent increase in earnings to \$71m from \$45m.

A potential obstacle to the meet-deal less in the option of the properties of

was a 56 per cent increase in earnings to \$71m from \$45m.

Earnings from operations in the current year are expected to be lower as a result of reduced interest income.

A potential obstacle to the Mr Sundt said after the meeting that he and his cousin would be group and to allow it to the group and to allow it to buy the shares offered to diversify—possibly into land-based, non-shipping activities, as Kosmos by four other members duced interest income.

block of shares in Kvaerner, the heavy engineering group, to Elkem, the mining and metals company, for around NKr 500m last month. This and other deals have left Bergesen with liquid assets of some NKr 2bn.

Bergesen's public flotation, planned more than a year ago, has reorganised six privately-held shipowring companies into a single company. The intention was to attract outside capital

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the six months to the end of

Eglinton makes

Eglinton Oil and Gas, the Irish oil company whose shares

boomed two years ago on hope of large oil finds in Colombia

has made a bid approach to Osceola Hydrocarbons. In May,

1984, Eglinton shares traded at 633p. On Friday, Eglinton

15p while Osceola rose 2p to

Northern Industrial

Northern Industrial Impreve-ment Trust, investment and property holding company, increased its pre-tax profits from £279,816 to £331,655 in the

year to March 31 1986. The final dividend is raised from

8.6p to 12.78p net for an increased total of 17.78p (13.6p). Stated earnings per £1 share of this "close" company improved from 13.48p to 17.08p after tax of £123,160 (£115,343).

The shares in J. E. Englan

F.T. Share Information

The following securities have been added to the Share Information Service:
Acates & Hutcheson
(Section: Food, Groceries)

J E England

bid approach

Hutchison has 5% stake in Pearson

BY DAYID GOODHART AND DAYID DODWELL

Goal Petroleum losses

able losses increase in the six is good. Operating cashflow months to June 30, 1986, from from present production has £166,000 to £209,000 on turn—more than covered overheads.

Citicorp Finance PLC

£150,000,000

Guaranteed Floating Rate Notes Due December 1997

Unconditionally Guaranteed by

CITICORPO

Notice is hereby given that the Rate of Interest has been fixed at 10.5375% and that the interest payable on the relevant Interest Payment Date; December 19, 1986 against Coupon No. 4 in respect of £10,000 naminal of the Notes will be £262.72.

By; Cifibank, N.A. (CSSI Dept.), Agent Bank CITIBANC

DFL 75.000.000.-

Floating Rate Serial Notes due 1989/90/91

FRIESCH-GRONINGSCHE

HYPOTHEEKBANK N.V.

(Incorporated with limited liability in the

Netherlands)

In accordance with the provisions of the

Notes, notice is hereby given that for the six

months interest period from September 17th

1986 to March 17th 1987 the Notes will carry

an interest rate of 5½ percent per annum.

The interest payable on the relevant date, March 17th 1987 against coupon no. 2 will be

Agent Bank

ONCB BANK

£500,000,000 Floating Rate Notes 1991

NATIONAL BUILDING SOCIETY

In accordance with the provisions of the Notes, notice is hereby given that for the initial three months interest period from 19 September to 19 December, 1986 the Notes will carry an Interest Rate of 10.5175% per annum. The interest payable on the relevant interest payment date, 19 December, 1986 will be £282.22 per £10,000 principal amount.

22 September, 1986 By The Chase Manhattan Bank, N.A., London, Agent Bank

principal amount.

increase in first half

Pearson, the industrial, banking and publishing group which fossil fuels and Pearson's oil owns the Financial Times, has entered negotiations with be of interest. Mr Murray also an ago are entered negotiations with Hutchison Whampon, the Hong Kong based conglomerate controlled by Mr Li Kashing, which could lead to a major shake-up of both companies.

We Simon Myster Hutchis

of both companies.
Mr Simon Murray, Hutchison's managing director, confirmed yesterday that the
company had acquired 49 per nt of Pearson and was interested in acquiring several parts of the Pearson group. "We want to make an overseas investment and Pearson happens to have a lot of things which would suit us," said Mr Murray. Hutchison's operations are split into three main areas: are spirt mot three main areas-property, trading and retailing, and shipping-related activities. It controls one of Hong Kong's main retail chains; is the lead-ing container terminal operator and last year acquired control of Hong-Kong Electric.

Goal Petroleum, oil and gas explorer and producer, saw tax-

£166,000 to £209,000 on turnover up at £1.83m against £1.72m. The loss per 5p share came out at 0.19p against 0.25p.

The operating loss of £139,000 (£338,000 profit) was struck after higher cost of sales at £664,000 (£516,000) and increased depletion, depreciation and amortisation of £810,000, against £382,000.

The net interest charge was

The net interest charge was cut substantially from £504,000

to £70,000 as a result of the rights issue at the beginning

September 22, 1986, London

Dfl. 276,53.

of the year.

mentioned Lazards merchant hank (of which Pearson owns a part) and various leisure interests as potential acquisitions. He stressed however, that a full bid for Pearson was ruled out for the present and that "in any case if we did anything, it would be on a friendly

Hutchison, which in the year to December 31 had turnover of HK\$5.47bm (£475m) and pretax profit of HK\$1.55bm (£135m), has recently made clear its aim of expanding outside Hong Kong and has been developing plans to publish the Financial Times in Asia. Hutchison's 25 per cent stake in the South China Mornsearching in the US and UK for "blue chip" acquisitions in areas with which it is familiar. Mr Murray concluded that "the ball is now in Pearson's court. We have looked at them and knocked on their door; we consider this year Quadrex and south the state of the paper. Earlier this year Quadrex and knocked on their door; we are now waiting for their res-

The directors say that the financial health of the company

interest payments and the cost of the exploration programme.

They added that the rights cash had underpinned Goal's ability

to continue its developments of the Buchan pipeline, the oil-fields at Balmoral and Wytch Farm, and the K9 gas field.

The balance sheet was fur-ther strengthened in March by

the acquisition of an interest in the Claymore field which brought additional present cash-flow, directors said.

tions. The company, which has revealed its plan it alid been the centre of take-over and now stands at 510p. speculation for several months, stressed that discussions were at a very early stage and had centred upon developing mutu-ally beneficial trading relation-

led by Mr Gary Klesch expressed an interest in head Pearson confirmed that a expressed an interest in nearmeeting with Mr Murray had ing a consortium bid for Peartaken place about two weeks son. As the rumours feek,
ago and that there had been
subsequent telephone conversasubsequent telephone conversasubsequent telephone conversarevealed its plan it slid back AFTER THE fall in profits in the second half of last year increased sales helped Desoutter Brothers (Holdings) recover in

Mr I.i Rashing, who is known to have close relationships with senior figures in the Chinese government, has a reputation for not passively holding minority stakes in companies. He is also said to dislike debt

He is also said to dislike debt and his company has gearing of less than 9 per cent.

If a full bid was to be made by Hutchison, a price tag of film for Pearson would be within its capacity. Mr Murray said that the group had nearly \$400m to spend on a suitable acquisition and had "almost unlimited borrowing facilities" according to a financial adviser. according to a financial adviser. Mr Murray also said yesterday Earlier this year Quadrex that the current Pearson share Securities, an investment bank price undervalued the company.

Elders may have to pay dearly to brew Fosters

Elders IXL, which last week said. bought Courage for £1.4bn, may have to pay dearly for the right to brew its own Fosters lager in Britain.

He added that relations with Eders IXL were good, and he was sure a mutually agreeable deal could be negotiated. bought Courage for £1.4bn, may

Grand Metropolitan subsidiary Watney Mann has had the sole licence to brew and market Fosters for the past five years and retains the licence until 1996.

Mr Tim Halford, GrandMet's director of public affairs, con-firmed yesterday that the com-

Evered acquisition Wellington Polymers, a sub-sidiary of Evered Holdings, is to acquire JCB Tomlinson for £380,000 in cash.

Tomlinson makes injection moulded rubber components for the plastic pipe, pharmaceutical an dautomotive industries. In pany would be reluctant to part the plastic pipe, pharmaceutical with Fosters. "It's a very good brand, and we have spent a lot of money building it up," he turnover of £815,000.

Lazard ruling upsets pension funds

merchant angered several pension funds
with split management by
insisting that only one application for shares can be made for
Brothers stressed yesterday that

one rund.

During the BT flotation, pension funds managed by, for example, four different fund management institutions were able to apply for four separate tranches of shares.

That, however, led to com-plaints from non-split funds

Brothers stressed yesterday that there could be only one appli-cation per person or entity, and that "it is not fair to alter the the produce supplier and con-venience food merchant, were suspended on the stock m rules for a few City instituon Friday at 49p pending an announcement.

Applications close at 10 ar on Wednesday.

BOARD MEETINGS

Eni International Bank Limited

U.S. \$200,000,000

Guaranteed Floating Rate Notes due 1993 Unconditionally and irrevocably guaranteed by

Ente Nazionale Idrocarburi In accordance with the terms and conditions of the

Notes, the rate of interest for the interest period September 22, 1986 to December 22, 1986 has

been fixed at 61/16% per annum. Interest payable

on December 22, 1986 will be US\$153.25 per Note

Agent
Morgan Guaranty Trust Company of New York
London Branch

Atte-Bertson Gart, vr. vernney, sna. William Jacks, Leidiew seon, Metairax, Morgan Crucible, srelle, Spring Ram, Tarmet, snad American. Sactronic Company, Chembers and Fergus, SD-(India), Marievele Consolidated at Merivale Moors, Parker Knoll, Johnston Gr KCA Drilling **FUTURE DATES**

of US\$10,000.

(Section: Food, Groceries) fram Inv Trust (Investment Trusts) (Investment Trusts) (Property) me Inti (Electricals) ina Development (Leisure) lonwide Bidg Sec 19:75 (Ioans, Building Societies) there (Jewellers) Cnv Cum (Section: Food, Groceries) Woolworth Heldings — The trust if following directors exercised which hoptions and have sold the ordinary shares arising from the exercise of such options: G. L. Mulcally sold 7,000 at 680p and 125,000 at 672p; J. R. Harker sins, directors Jonas Jonas Stem 125,000 at 672p; J. R. Harker sins, directors Jonas Jonas Stem 125,000 at 680p and 140,212 at 82p. Milero Mollowing directors exercised which hoptions and have sold the ordinary shares arising from the exercise of such options: G. L. Mulcally sold 7,000 at 680p and 140,212 at 82p. Stem 125,000 at 680p and 140,212 at 82p. Coline Intl (Electricals) Marina Development (Leisure) Nationwide Bidg Sec 191% Clayform Props (Warrants)

Reriram Inv Trust

Wordplex almost £2m **Desoutter Brothers** in red at interim stage unchanged Wordplex Information Systems, the office automation (2677,000). Exchange losses The company says if group which ran into heavy at £2.45m

losses last year, has announ-ced pre-tax losses of £1.95m for the six months to June compared with pre-tax profits of £835,000 in the first half of

June 1986. Turnover for this precision mechanical engineer rose by 21 per cent from £15.69m to £19.02m with taxable However, the company prefers to compare its performance with the second half of last profits coming out almost unchanged at £2.45m against year when pre-tax losses total-led £4.06m. It says increased sales and margins and a reduc-E2.46m.
Earnings per share were 12.71p (11.63p) and the interim payment is being maintained at 2.5p. Last year there was a total payment of 7.3p on pre-tax profits ahead at £4.71m (£4.54m), despite a fall in second-half profits to £2.25m, against £2.43m.
The directors said that

a gain of £1.81m, interest payments took £932,000 (£520,000), and there was no exceptions credit to compare with last year's £220,000. There was an extraordinary debit of £498,000 (nil) relating mainly to redund-

ancy costs.

The loss per share came to 19.4p (earnings per share of 6.4p). The shares closed on Fri-

The company says its prime objectives are to cut working capital requirements and bank borrowings and to return to profitability next year. If present sales improvements and cost reductions are maintained, it says, the objectives seem

Integration of a number of activities have taken place at group headquarters in Slough, including the transfer of proday 4p off at 46p.

Wordplex has made drastic duction from Westlake, Callduction from Westlake, Calland American from the control of duction from the control of the tion in operating costs were the main contributors to this improvement.

Turnover was slightly up over last year's first half at £23.71m (£22.35m) and the operating to the main contributors to this improvement.

Wordplex has made drasuc changes among top management to manage management to management to format to formation in sales, marketing and production. It attributes its poor performance in 1985 to selling too distributions in the consequent management to the main contributors to this improvement.

Turnover was slightly up over last year's first half at £23.71m (£22.35m) and the operating to the management to the

against £2.43m. The directors said that although margins were lower in the first half there were reasonable prospects of being able to maintain them throughout the rest of the year. Dares maintains progress

PROFITS continued to improve at Dares Estates and were £163,000 was made, compared £163,000 in the first half of with a £32,000 loss.

£2.39m. but a trading profit of contribution to 1987 profits is expected.

The board is also confident with a £32,000 loss. 1986 compared with a loss of £35,000 in the comparable period of last year. Year-end profits were £12,000.

The property company said the profit reflected its continu-ing progress, but did not include any contribution from the recent acquisitions or the capital raised by its share

placing. West contracts and spartments, for a further 183 apartments, for a further 183 apartments, totalling £17.2m, for completion was down from £5.97m to up to next May. A substantial

Horace Cory ahead

Pre-tax profits at Horace Cory,

chemical colour manufacturer, increased from £45,574 to

£45,574 to

No dividend is being paid,

but prospects for 1987 onwards may justify a nominal final divi-dend. Dares said that at Chelsea Cloister Developments, where it has acquired a 50 per cent interest, 29 apartments had been completed, worth £2.1m. There vere contracts and reservations

The board is also confident of the growth potential of rental income in relation to the investment portfolio.

Further residential development sites have been acquired in Hampshire, and Dares has seven sites on which development has begun or is about to begin, with additional sites under negotiation.

The recent acquisitions are The recent acquisitions are

expected to enhance second-half results, but the main benefits should be felt in 1987.

Dinkie Heel profits slip

£140,947 in the six months to June 30 1086. The interim dividend is raised from 0.2p to 0.3p net—last year's total was 0.8p from pne-tax losses of £223,945 (£1.05m profits). Turnover in the six months

Group turnover was lower at £2.27m compared with £2.96m. There was at ax charge of £51,000 (£15,000). Stated earnings per 5p share improved from 0.16p to 0.48p. to June 30 rose 61 per cent from £961,000 to £1.55m, re-flecting the acquisition Diakie said. But the taxable result was down from £26,000 to £22,000.

The improvement in the trad-ing position should continue during the rest of the year, the directors sald.

Dinkie Heel, footwear components maker, attributes its continuing profits decline to the costs of integrating the rubber business acquired last November with its established activities.

The leaf, footwear components to Warmley was completed by the end of last month.

Operating profit in the first house from £16,000 to \$40,000. Interest paid was £18,000 against £10,000 received in the comparable period. The interim dividend is unchanged at 0.2p on earnings per share of 0.16p (0.2p).

Hawker Siddelev Hawker Siddeley's interim The costs of the merger results will be announced on were charged against profits as October 22 and not today, as incurred. The transfer of the stated in Saturday's Results due

SHARE STAKES

Changes in company share stakes amounced over the past Woolworth Heldings - The

CHANGE OF ADDRESS

& TELEPHONE NUMBERS

as from Monday 22nd September 1986

JACOBSON TOWNSLEY & CO

shares at 455p. Director Sir holds 97,400.

Dermot de Trafford trans-Rebert Herne Group—Directerred 10,000 ordinary to a tor M. T. Bairstow purchased trust for grandchildren, of 27,000 "A" ordinary at £1.80. trust for grandchildren, of which he is not a trustee, for il consideration.

Jonas Woodhead — Carclo announced that following a pur-chase of 350,000 shares it now

held 3.55m shares (24 per cent).
Stem Designers—I. M. Scoggins, director, sold 25,000 shares

Cambrian and General Securities—Chairman I. F. Boesky acquired a further 654,000 ordinary shares at 122 p and now holds 6.09m ordinary. Abaco Investments Bricomin Investments, a wholly owned subsidiary of the British and Commonwealth Shipping Co.

PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus*) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed "Announcement last year."

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"The Company is now in sound financial health and poised for further growth". Justin Kornberg, Chairman

- Pre-tax profit up 177% to £2.12m.
- Earnings per ordinary share up from 3.37p to 11.38p.
- Net assets per ordinary share up from 131.3p to 141.8p.

The Group manufactures a wide range of textile products including: yarns, velvet, curtains and cushions, rugs and fur fabrics and woollen cloth and has interests in property, engineering and insurance broking.

Copies of the Annual Report and Accounts may be obtained from the Secretary, Lister & Cop.L.c., Manningham Mills, Bradford BD9 4SH.

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BANQUE INDOMERA BANQUE PARIBAS CAPITAL MARKETS LIMITED GENERALE BANK MORGAN STANLEY INTERNATIONAL SWEE BANK CORPORATION INTERNATIONAL LIMITED

Application has been made to the Council of The Stock Exchange for the Bonds, to be issued at 99% per cent. In bearst form the demonstrations of ECU 1,000 and ECU 10,000 cach, to be admitted to the Official List. Interest will be payable assumed assume on October 15 in each year from and including October 15, 1986. The first interest payment will be made on October

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FINANCIAL TIMES SURVEY

Monday September 22 1986

Guangdong



This outward-looking province, which has attracted 60 per cent of the foreign investment in China, is the key to the country's modernisation.

Channels for trade

IF THERE is anything that more than half have come from

Section 1885

Sichely

during the past century.

Of the 30m Chinese who have field the mainland in search of stability and prosperity since the middle of the 19th century,

so requently erupten in China Guangdong China's leading exporter (expected to amount to more than US\$3.5bn this field the middle of the 19th century, and liaoning), and one of the country's most affluent areas.

sets Guangdong apart from every other region of China, it is its tendency to look outwards. The province's distinctive internationalism contrasts sharply with the deep-rooted introversion throughout the rest of the country—and has always ensured that Guangdong plays a unique role in China's development.

Cantonese businessmen like Kie Qinggao were sending home letters describing the streets of Calcutta, Bombay, or even London—full of awe at the existence of piped water supplies—more than 200 years ago.

The port of Canton—the province's capital is nowadays called Guangchou—was received by Prevince's capital is nowadays called Guangchou—was received by put out a major fire in the city.

But the most powerful internationalising influences—and those most significant today—were the Naning Treaty, signed to put out a major fire in the city.

But the most powerful internationalising influences—and forced to put out a major fire in the city.

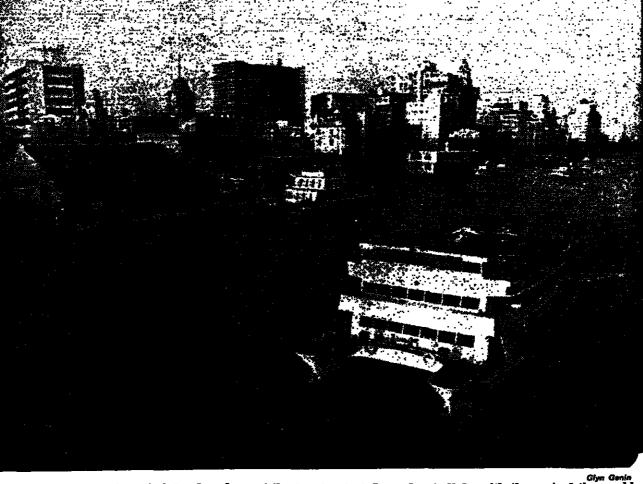
But the most powerful internationalising influences—and forced to put out a major fire in the city.

But the most powerful internationalising influences—and forced prevalences—and four other parts to forced prevalences and anarcy that has so frequently erupted in China's doors were reopened to forced prevalences and anarcy that has so frequently erupted in China so forced and ming the past century.

Of the 30m Chinese who have field the mainland in search of the province was a character of the province and have played a similar to the SEZs.

Broaddong, Nore is the and caudity and the secretal River and and the mact of the province, and cities around it, are fulfilling a critical role in China's development, three were sited they form substantial commentation on the west coast of Canada and the manner of the base of emigrants and for different reasons.

The province and the secretal propertion of these overseas of the province and thought of the province and the secretal properties of the province and the secretal properties of the province and the secretal properties of the provi



Canton, the province's capital, has long been at the forefront of Guangdong's links with the rest of the world. There is confidence that the province will cope with the "pounding waves" of new influences

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Profile: Ye Xuanping .	3
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Bongguan	
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Telecommunications	4
Huangpu port	4
Vehicles	5
Food	
Oil and gas	

Of particular concern, therefore, is the continuing shortage of electricity, and poor communications. Manufacturers rightly argue that they cannot reach optimum productivity if they face the constant threat of

they face the constant threat or power cuts.

The province's electricity grid is able to meet just over 60 per cent of current industrial needs — a problem of crisis proportions that is not going to be solved quickly. More than RMB Yuan 5bn is to be spent over the next five years to add extra electricity generating extra electricity generating capacity, but there can be no certainty that this will match the extra demands being made as industry continues to expand rapidly. Links with the Guangxi provincial grid, due by 1990, cannot come a day too early.

There is confidence that the province will cope with the "pounding waves" of new influences cannot come a day too early.

As China's imports now poperly-surfaced road.

The import of these overseas has created anxiety among the more consulty falls into Guang. The properly-surfaced road.

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PIANGL

Guangdong Leather Garments

Guanadong Leather Garments are made of choice nappas, suades, and plits from cowhides, sheepskins, goatskins, and pigskins from the world by expert-workers. Various kinds of garments of 100% leather or leather combined with T/C canvas, cottons or filled with Chinese goose or duck down are available!

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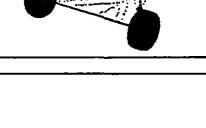
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Shiajao B power station under construction on the Pearl River. Power is in very short supply because of the demands of industry



Economy at cutting edge of open-door policy



The province is now China's leading exporter, but the advances have also brought pressures.

IF CHINA is to achieve the "take of into sustained economic growth" that is so often talked of by development economists, then it will almost certainly begin in Guangdong. The province this year has overtaken Liaoning and Shang-hai to become China's leading

exporter. It accounts for about 80 per cent of the total foreign investment in China since 1978. Its farmers are among the most productive and the most affluent in China. Its overseas Chinese links give the province access to foreign expertise and foreign technology on a scale

the country. At the same time, however, these advances have confronted the province with problems and pressures unfamiliar in many pressures unfamiliar in many parts of the country. Because it is at the cutting edge of Deng Xiaoping's commitment to an open door economic policy—with three of China's four Special Economic Zones—so it carries a burden of responsibilities.

bility to demonstrate to doubters in Peking and else-Ahead of the other provinces it has had to cope with what governor Ye Xuanping calls the three "pounding waves" that have been linked with rapid development. These are: absorb-

destroying the socialist ethic which underlies modern Chinese society; avoiding what many in the Chinese leadership see as the corrupting influence that comes with substantial direct contact with foreigners and contact with totegates and foreign culture; and dealing with profiteering, smuggling and other problems linked with loosening up the economy to

market forces. It is also having to deal with conomic overheating, and with the acute infrastructural strains that have accompanied rapid so that heavy infrastructure spending is the highest priority in the new Five Year Plan period that began this year.
Power is in extremely short
supply, while the province's
roads are hopelessly overloaded.

The province's telephone system after heavy investment system, after heavy investment over the past five years, is unquestionably the best in China — but is still far from coping with the demands being made on it by Guandong's manufacturing industry.

Governor Ye likes to think of the pressure we "the

of the past five years as "the most thriving" period that Guangdong has seen since liberation. There would be an element of self-congratulation did not bear him out. and industrial output value reached RMB Yuan 69bn in

1985, after an average annual 1980. Household incomes averaged more than RMB Yuan 2,000 a year in 1985, compared with a national average of about half this. Those who are rightly

need only spend a day traveldoubters in Peking and else. ling on the province's, still basic, where that the policy can work roads to see proof of them in the hectic pace of construction taking place in literally hundreds of towns and cities.

In spite of being one of the rice-bowls of China, Guangdong

brakes on rice production. Output actually fell in 1985—by 12 per cent to 17.3m tonnes. Acreage committed to rice has been cut back as farmers have been encouraged to diversify into cash crops.

The greatest change resulting from this shift has been in sugar cane production. Output rose by 28.7 per cent last year to 22.4m townes in an effort to reduce the country's acute to reduce the country acute to reduce the reduce sugar shortage. Jiang Taile, head of production planning in Guangdong's Agriculture Com-mission, described this surge as "probably the province's main contribution to the nation."

At the same time, the production of fruits and vegetables has also risen rapidly, while Guang-dong is China's main domestic supplier of aquatic products,

last year.

a base for light industry—with-out doubt a result of its close-ness to Hong Kong, and of the large amount of processing for Hong Kong manufacturers that takes place in the province. takes place in the province.

In 1985, light industrial output amounted to RMB Yuan 39hn—almost 26 per cent up on 1984, and accounting for about a quarter of China's total light industrial output. About 15,000 factories are thought to be involved in processing for Hong Kong manufacturers—accounting for almost half a million jobs, and earning 10 per cent of the province's USSSbn foreign exchange earnings in 1985.

supplying almost 1.2m tonnes dong amounted to \$2.3bn last last year. about 60 per cent of Guangdong also leads China as China's total. At the same time, donations from overseas Chinese with ancestral links in the province, coupled with remittances to families in the province, gave a substantial impetus that is less easy to quantify. It is estimated that 2,000 schools, 100 hospitals, dozens of bridges, and hundreds of kilometres of road have been funded out of donations from "compatriots" overseas.

Given Guangdong's reliance on foreign investment—and the undoubted link between steady

20 per cent sinmp in overseas in Guang-investment in China in the first half of this year.

They have been equally con-cerned about studies suggesting linked with earning sufficient that a large proportion of the

Yang Ziyuan, vice-mayor of Guangzhou, recently revealed that 70 per cent of joint ventures examined in a survey were facing difficulties in balancing their foreign ex-change—and that 90 per cent of foreign exchange earnings in the joint ventures came not

from exporting, but for sales inside China for payment in investment over the past five inside China for payment in years and the province's emergence as China's leading exporter—it is not surprising that its leaders have been among the most concerned over a reported survival of many enterprises,"

ago, a large proportion of investment in their early years must inevitably be on building

The processing work that has played such a large part is nearly development doubtless provides untrained workers with factory skills they previously lacked. Heavy tourist investment has been defended because of the smed with because of the speed with which this kind of investment can generate foreign exchange, and because tourist amenities

foreign exchange.

Another problem attracting

much comment has been the failure of the province's eco-nomic zones—Shenzhen, Zhuhai

Leaders in the zones have defended themselves by insisting that since they all began as greenfield sites seven years

labour.

The leadership in Peking appears to have accepted the case presented by leaders in the SEZs—but only for the time.

The province had a total installed expacity of 4.188 MW with this rapid economic change at the end of 1985 — less than Hong Kong, which has a population less than one tenth that get Guanodone.

a further 2,900 MW into opera-tion by 1990. In addition, five high-tension lines linking Guangdong to the Guangxi provincial grid should help to ease shortages. According to Li Liei, director of Guangdong's Econ-omic Commission: "The problem will not have been totally solved by 1990, but it will have

been greatly eased." A further problem linked been inflation. Province-wide, the retail price index rose by 13.6 per cent last year, accord-ing to the Provincial Statistics

Workers' living expenses rose by 17.1 per cent, mainly as a result of a 46 per cent surge in the price of fresh vegetables, and a 29 per cent increase in prices for meat, poultry and eggs. Workers' wages at the same time rose by 25 per cent, the Statistics Bureau says, suggesting that workers saw a 7 per cent rise in real spending

power.

Given the artificial nature of pricing for most products inside China, it is difficult to interpret the significance of such inflation the significance of such inflation figures — except to say that there have been occasional pub-lic outcries about rising prices which make the issue as politic ally sensitive in Guangdong as

pressure in future to attract tion that has created anxiety, high-technology industries, and but the simple fact of such to make significant progress in exporting to foreign markets. The problem of power short- dong people have had to learn ages has been acute in Guangdong, and a serious constraint
on growth. Government officials
estimate a 40 per cent shortfell
in supply, which leaves many
companies forced to operate on
four-day weeks, weakened by
numerous unscheduled blackouts.

dong people have had to learn
to runs of fast, so suddenly that
they have tripped, or fallen
feeling dizzy at the first
emperience of the material
affineme that has washed into
the province from outside.

The way in which Guangdong

The way in which Guangdo people respond to the chal-lenges that have been associated with this rapid economic change

David Dodwell

Modern centre for Canton Fair

OLD CHINA hands, given half a chance, could doubtless drain many a gin and tenie recounting tales of the Can-ten Fair in the bad eld days. Of striding into the exhibi-tion halls through ranks of Red Guards brandishing Mao's Little Red Rede and calling Little Red Rook and calling

Today, both Canton, and its famous fair, are transformed places. Gone are the days of traders camping on the lebby floor of the Dongfang or Baiyan hotels. Instead visitors can swop memories in plush French restaurants atop hotels as luxurious as any in the world. The modern new exhibition centre is fronted by suspicious of Chinese statistics

In place of swarms of icycles, the city's streets are choked with Toyota limeusine taxis cruising for business. If one is going to be accosted then it will not be by a bookwaving zealot sporting badges of Mao Tse Tung, but in the recent past has put the

less important than it was 10 years ago," says John Kansa, a trader for Diamond Shamrock of the US who has been attending the fair long enough to match tales with important for the 'ene-step' China trader, er someone who has never done trade with China before. There is nowhere else in China where you can get the same compre-hensive idea of what the country has to offer."

The twice-yearly fair—each lasting 20 days—will also in all probability be given a special boost this autumn, as special boost the annual officials celebrate the 60th efficials celebrate the folth fair since they began in 1957. But as China has opened up the deers to fereign trade, allowing cities throughout the country to conduct trade directly with the outside world, so the fair's monopoly of China's fairness trade has of China's foreign trade has

Last year, the spring and autumn fair—properly called the Chinese Export Commodi-ties Fair—together accounted for over \$5bn in exports denset figures are notoriously difficult to get, since many denis "signed" up at the fair are never completed)—which is certainly not insignificant, since it amounted to about 10 per cent of China's total exports for the year. But harely a decade ago the fair accounted for all but a tiny percentage of experts—and handled China's imports too.

Today, as its title suggests, the fair is almost entirely an export fair. The single main exception to this is chemicals, which are still imported on a substantial scale through the fair.

The City's modern hotels, which can have an empty ring to them for large periods of the year, are still full to bursting for periods of the fair. Last autumn, a total of

Heng Kong.
While there are many who would say that doing business at the fair is infinitely easier today than it was a decade

have gene, but in their place, traders face a fast-growing array of new emport goods, and aggressive trading corporations from all corners of China that are as staved at ever of faseign exchange, and see this as the prime opportunity to meet the year's expert quotas.

For if there is one thing finit certainly has not changed, it is China's argent need for faseign enhanced; as long as this remains—and there are few signs that it will disappear—then the Canton Fair is likely to remain the main single event in the country's faveign trading calendar.

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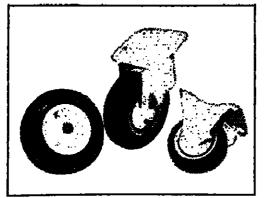
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GUANGDONG 3

WHEN YE XUANPING WAS gossip ran among students at Peking University about the off-spring of senior cadres winning pivotal jobs in the country.

Ye Xuanping is the son of Ye Jianying, one of the founding fathers of China's Communist revolution and one of the most prominent elder statesmen still alive in the party.

It took the mayor of Peking. Chen Xitong, to come to Ye junior's defence: "He has proved himself very competent, mayor Chen was reported to have told students: "It is as wrong to say that children o senior cadres should not be qualified as it is to say they should be promoted if they are not qualified. promoted even if they are

"When Ye Xuanping was a chief engineer, I was merely a worker. Now that I am a mayor, worker. Now that I am a mayor, why is it surprising that he has become a provincial governor!" From the gossip, one would imagine that Ye Xuanping is a stripling of a youngster, following a fast track to high office on his father's cost tails. In fact, Ye is 60-years old, sports a proving old seed has the bird as hearing aid, and has the kind o

hearing aid, and has the kind of eyes that say he has spent too many hours working and too few sleeping.

He has spent a large part of his working life in factories in Siberia and north-east China, and may not be a very good example of the nepotism that is undisontably at work in China. undisputably at work in China

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Supplemental states and services are services and service

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Jan D.



PROFILE: YE XBANPING, GOVERNOR, GUANGDONS

Return by son of province

undisputably at work in China today.

When Ye Kuanping returned to Guangdong in 1980—first to be the province's deputy "Guangzhou was plagued by a deep suffering," Ye Kuanping ferring to be chief engineer in a large factory in north-east out politically or economically. We couldn't see any future there,"

It was a completely changed province from the wartorn region Ye recalls leaving as a 14-year-old boy. The Japanese occupation forces controlled the area, and the struggle between the nationalist forces loyal to Chiang Kal Shek and the Communist forces coming together around Mao Tse Tung was approaching its peak.

Guangzhou was plagued by a governorship was more comprehensive than that. After transferring to be chief engineer in a large factory in north-east China a way china for a number of years, out politically or economically. We couldn't see any future there,"

Ye junior spent time in Yenno, and with insurgent forces fighting a guerrilla war forces fighting a guerrilla war the north. After liberation, with China keeping close links with the Soviet Union, he went to Siberia to study machine building in a Soviet factory.

"I learned to make machine province, so I came back."

As Governor of Guangdong, we recalls, "From such a discipline, I have had to learn to be a governor."

In fact, his training for deal with the chauvinist learners of the Science and the Communist forces controlled the art of the Science and the Communist forces to study machine building in a Soviet factory.

As Governor of Guangdong, we have the north chiral a way china for a number of years, out politically or economically. We couldn't see any future there."

Ye junior spent time in Technology Commission.

"I am a Communist Party member, and I have gone to the north. After liberation, with China keeping close links with told to work in my home province, so I came back."

As Governor of Guangdong, we have of China's tougher when the stream of the Science and Technology Commission.

"I am a Communist Party member, and I have gone to work

ings of the Cantonese people He is also probably less fazed than many by the comparative openness of the province to foreign influences.

He sees Guangdong at the forefront of the open-door policy, and seems to thrive on the challenges involved with being the first province to take "the pounding waves" of foreign influence—first in 1979 the exposure to foreign affluence, then to Western culture, and then in 1983 to the eruption of corrupt business practices.

"The open policy has brought some negative influence over the society, but when this is overcome, it will inject renewed vigour into our society," he ented recently.

Local people are no longer titivated by being able to watch Hong Kong television programmes, he says, but he jokes about visiting officials from northern China who stay up late at night, wide-eyed over pro-grammes they can never

while he is confident that Guangdong has built up ar irresistible momentum for economic growth, he is concerned about the poverty of knowledge among cadres who are entrusted with orchestrating the province's modernisation policies. He is also concerned about Guangdong's imbalanced development—particularly the failure to provide enough electricity, or an adequate infra structure, to ensure amoof

development.

As a result, investment ir power generation and road and rail building remains the priority of the coming five-year plan period. Economic growth is also to be eased to reduce pressures that led to severity overheating of the economy in

1984 and 1985.
"Reforms have been moving very fast, and it has been easy to trip over or fall behind Guanguong inevitably ex-periences reforms faster, an

more strongly," he says.

The mood of confidence is never the less strong. "There is no comparison between the Guangdong of today, and the Guangdong I left in 1940. There was suffering, and now was are the tring."

David Dodwell

Again the leading exporter



TRADE: Changed

levels. Exports stackened markedly in the first half of 1985, when Peking allowed Chinese factories to decide for themselves what products they would produce and where they would seil them.

Domestic consumer demand was soaring then, tempting many factories to manufactures consumer goods for the domestic market rather than for export. At the same time, the central government withdrew the subsidies it had been paying to foreign trade corporations that had been exporting goods for foreign exchange at a loss.

Manufacturers had quickly responded by selling into the more profitable, home market, where delivery deadlines and quality requirements were less

demanding.
To counterbalance those kong and Macao, where about decisions, Guangdong allowed four-fifths of foreign investment in China comes from In Gunag-

export markets across the dong's Economic Commission, world.

dong's total exports, came from flood of trade and investment emanating from major port cities along China's eastern coastline—Mke Shanghai, Tian-jin and Dalian. The advent in 1979 of China's current programme of economic reforms is gradually reversing that.

Today, helped by stimulative government policies and considerable foreign investment, Guangdong is again China's more open here than in other provinces, "says Zhang sleading exporter ahead of Shanghai and Liaoning province, last year's total considerable foreign economic relations and trade.

The province has logged more than the country's total considerable foreign economic relations and trade.

The province has logged more than the country's total constants of the province and export administration of the foreign investment arm, Guangdong authorities appear of the province and export administration of the foreign economic relations and trade.

The province has logged more than the country's total constants of the province and export administration of the foreign involve ment.

Guangdong is home to three of China's four special economic trial output of about 46.1bn guand.

Guangdong now is the leading trial output of about 46.1bn guand.

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Guangdong now is the leading trial output of about 46.1bn guand.

The economic conomic reforms is guand.

Substinct of total industry according to the colorist form of the import adoless in the province of the province of the province of the import and put of about 46.1bn guand.

The province of the impo

foreign trade corporations fresh autonomy to set prices of goods being sold abroad, instead of locking them in to official price structures. The government also decided to encourage exports by allocating a greater portion of foreign exchange products overseas.

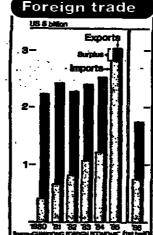
Enterprises now have improved access to the foreign exchange they earn depending on the types of products they sell and whether the goods are needed domestically. Exports

foreign investment have put the province in an even stronger trading position.

PERHAPS no Chinese province is more intertwined historically with foreign trade and investment than Guangdong. For centuries, the milky-brown Pearl river that meanders through its verdant counties has carried China's produce to the world, chamelling the vast array of China's resources into export markets across the

export. markets across the dong's Economic Commelsion. The involvement of Hongkong world.

During the first half of 1986, and Macao businessmen has imposed a ban on new hovever, Guangdong and its capital, Guangzhou (Canton) have been outpaced by the flood of trade and investment consistency with foreign involves the consistency with foreign involves the consistency of the



paper.
The provincial government

vince, last year's top two exporters. In the first half of 1986, when the country's total exports were up 18.7 per cent to \$1.280n, Ganagdong's exports rose 48.7 per cent to \$1.280n, Ganagdong's exports rose 48.7 per cent to \$1.280n, about 14 per cent of the national total.

Provincial officials expect to register an equally strong export performance in the second half, when South Ghina's autumn harvest normally boosts agricultural exports. Agricultural output makes up 45 per cent of Ganagdong's total exports.

The province has succeeded in attracting foreign investment because Peking has allowed it to promote high-technology industries, but so far their efforts have men with little success. One reason is that foreign investors have focused on investors have focused on the succeeded of the surports decline in nominal as well as real terms from 1981.

Chairs a sum of 1985, Coalymen performance in nominal as well as real terms from 1981.

Chairs a sum of 1985, Coalymen performance in nominal as well as real terms from 1981.

Coalymen performance in the province has logged more than 58,000 business agreements to the fine and further country, according to the province. The province has logged more than 51,280n of the first half of the province, half of the province province of the sum of the chinese currency and new cement plants. Officials say they also want to promote high-technology industries, but so far their efforts have met with little success. One reason is that foreign investors have focused on correspondent correspondent.

Chairs all the first half of 1985, coalyments of 1985, and the first half of 1985, coalyments of 1985, and the first half of 1985, coalyments of 1985, and the first half of 1985, and

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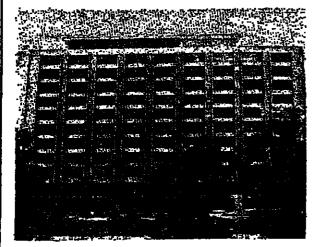
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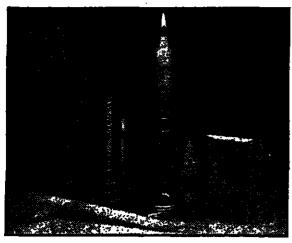
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The state of the s

Haikou, the island's capital. Peking is keen to see Hainan develop as rapidly as possible and dozens of hotels have been built

Development quickens

LEADERS IN Hainan, China's "tropical Treasure Island" in the far south west of Guangdong, have merged bruised but unbowed after the biggest corruption scandal ever to be admitted by China's Communist

More than 60 were prosecuted, and Lei Yu, the charismatic political head on the island, was among a number of officials to be sacked after it was learned that illicity-obtained foreign exchange had been used to import 80,000 foreigns cgars — many for resale on the Chinese

mainland.

"The after-effect was very bad—we have learnt a lesson," says Meng Qingping, Lei Yu's successor as Hainan's deputy secretary. The lesson is likely to cost the province \$20m in loans that have to be repaid to the Bank of China.

"The harvest and recriming the second secon

Embarrassment and recrimination there may have been, but none of the economic on Hainan's white sand beaches freedoms granted to this barely
on the south coast around the south coas developed island of 6m people appear to have been withdrawn

appear to have been withdrawn as a result of the scandal.

If anything, the opposite is the case. With freedoms equal to those of the country's special economic zones, and with national priority being given to the island's embryonic tourist industry. Peking has signalled that it is keen to see Hainan develop as rapidly as possible.

Over the past five years, the Over the past five years, the island's leadership has been making up for lost time. It now meets half of China's needs

producer of sugar, coconuts, vegetable oils, coffee, medicinal herbs, forest products, and marine aquatic products. The Silu-iron mine in the west of Hainan, one of the largest in China, is an important suplier of ore to mills on are also being heavlyi exploited, light and heating. It will also

for dry rubber, and is a major



HAINAN: Development has lagged behind for many years but the leadership is now making up for lost time.

with Hainan accounting for betwen 60 and 70 per cent of China's known reserves of these

Sanya is receiving substantial government backing, with a new airport under construction at Sanya, and direct flights now linking the island with Hong-kong and Singapore.

Dozens of international-class hotels have been built, and tele-communications links between Haikou and Hongkong are among the best in China. Roads remains poor, but investment is being directed at rapid imbeing directed at rapid im-provement on tourist routes.

Alongside the conscious de-velopment, Hainan has had its share of luck with the discovery of 90bn cubic metres of natural gas about 100 km off_its southern coast. Of the 3.25bn cubic metres a year that is due to be piped onshore after 1989, Hainan itself is earmarked to

take 1bn cubic metres.

This will be used to supply about 120,000 urban homes

a sponge iron plant, and a synthetic ammonia plant — if local officials have their way. Also on the drawing board — but awaiting foreign financial support — are ventures using the gas to make float glass, cement, and distinction distinction. and titanium dioxide, used in

Hainan has attracted \$130m in foreign investment connected with 230 ventures. The sum is modest by comparison with other parts of Guangdong, and a range of policies has been agreed by Peking to aid the island's government in attracting new investment

ing new investment.

These include substantial concessions on import and export duties, tax rates half those prevailing elsewhere in China, and only beginning at the end of two years of profitable business, and discretion at the local level to waive industrial and commercial corealisms. trial and commercial consoli-dation tax if a venture is struggling to achieve profitability.

Qihal, director of foreign economics commission, has also Hainan's relations commission, has also outlined detailed policies aimed at aiding ventures that are having difficulty balancing foreign exchange costs. This has been a particular problem in Hainan, since many of its foreign joint ventures involve production of raw commodities, or simply-processed comor simply-processed com-modities—many of which have been difficult to place in over-seas markets, or have fallen victim to volatile price fluctu-

After literally centuries of neglect, these changes add up to nothing short of a revolution on an island that it twinned with Hawali, and has its sights on developing on similar lines.

Hotels: a building spree

"THE TROUBLE IS, the more enough for the provincial from Ho hotels there are here, the government in August to ban One of smaller the piece of cake you further construction of what it builders get," says Mr Nikisus Lenen-berger, Swiss general manager of the 1,128-room Garden Hotel

So how many hotels are there

But the figures do not tell the entire story. The Canton authorities count hostels, overauthorities count hosteis, over-night guest houses and even spare army barracks as hotels; the Hongkong figures do not in-clude such accommodation. Still, there undoubtedly is a hotel glut in Canton and sur-rounding Guangdong province, and it has become varyione. and it has become worrisome Zone just across the border

查费精蹈

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describes only as middle- and describes only as minute- and top-quality hotels.
Only the 31 hotel projects which are currently under construction will be allowed to pro-

So how many hotels are there in Canton? According to the Government, the city has 664 tourist hotels boasting a phenomenal 59,000 beds. That is 13 times as many tourist hotels and three times as many hotel beds as there are in Hongkong.

But the figures do not tell structure in it, but it will take some

Golden Mile, a Hongkong company, is involved in three hotel projects in Guangdong. It is managing Canton's newest major hotel, the 236-room, \$27m Central Hotel near the city's airport. It also is building a pair of joint-venture hotels in Shemhen Special Economic

One of the most prolific hotel builders in Guangdong is the government itself. Most of the hotels sprouting in the province are joint ventures between the government or its agencies and sinessmen from Hongkong and Macao.

Guangdong Trust and Investment Corporation (Gitic), the provincial government's main investment arm has two new hotels in Shenzhen, two in the nearby special economic zone of special economic some of Zhuhai and is building one in Canton, Mr Xu Feng, Gitic's president, describes the busi-ness in the Shenzhen hotels as "good," but says occupancy rates in the Zhuhai hotels are just "so-so."

Nevertheless, he is optimistic about Gitic's Canton Hotel, which will be part of the corporation's new 60-storey headquarters building, now under construction. It will be

Canton's hotel business is now dominated by three major ventures between Guangdong enterprises and Hong Kong businessmen. These are:

The Garden Hotel, a \$50m joint venture between a state-backed company and a consor-tium of Hong Kong companies, including Swire Pacific and Henderson Land Development; The 1,000-room White Swan Hatel & \$30m injury senting Hotel, a \$30m joint venture between Guangdong's Tourism Bureau and Hong Kong business magnate Henry Fok;

The 1,017-room China Hotel, a \$125m venture between the government-backed Yang Chen Service Development Co and

six major Hong Kong property companies.
During the summer and autumn, the height of China's put. At that time—not much tourist season, the hotels are more than a decade ago—it was often more than 80 per cent a prime sport among the city's occupied, their managers say. But in the winter and autumn, when tourism is down, the hotels size is a hindrance to achieving the 50 to 60 per cent

occupancy rate needed to keep them profitable. Another problem is the average length of stay in Canton hotels. While visitors tend to spend about four nights in hotels in Peking, they stay on average just over one night in Canton hotels. And the numbers are not resulted. bers are not growing.

Last year, Guangdong province had 1.85m visitors from abroad, up just 0.8 per cent from a year earlier.

By a special correspondent

Discreet wealth of Dongguan

IT WAS back in 1578 that the people of Dongguan began making fireworks mere sticks of bamboo stuffed with gunpowder. Today, the industry employs 100,000 people in this small city on the road from Guangzhou to Hong Kong, and accounts for a third of the fireworks made in China.

Exports last year-most of them to the US for Independence Day celebrations and Christmas — earned US\$30m, probably making it the largest pyrotechnic centre in the world.

The city sports this title discretely. After a series of large explosions in the 1960s, all dangerous materials are handled in small workshops dispersed around the city's suburbs. Products range from traditional family fireworks to trick exploding cigarettes and 12-inch diameter "tombs" that hurl pyrotechnic cocktails 300 yards into the air.

In similar discreet vein, this city of 1.2m is also reputed to have China's largest bauana plantation (15,000 hectares), the country's best lychees, domination of Hong Kong's rice noodle market, and two Olympic gold medallists for weight-lifting.

Dongguan may have been a city few people have heard of before, but with a litany of achievements like this, it does

Dongguan has in five years Dongguan has in five years become one of the richest communities in China. Its fertile soil, which in the days of Soviet domination of China gave it a reputation as China's equivalent of the Ukraine, produces 500,000 tonnes of rice a year, 500,000 tonnes of cane sugar, 100,000 tonnes of bananas, 25,000 tonnes of lychees, and a host of other cash crops.

"You do not rank among the top people in Dongguan unless you have 100,000 yuan in the bank," comments Liu Suji, the city's acting deputy mayor. In a country where annual incomes average less than 1,000 yuan, the figure speaks for itself. Local citizens have saved more than 1,1bn yuan in local banks—about 1,000 yuan for every man woman and child in the community—which is useful in a municipality with extensive construction and development

The area's agriculture—which accounts for just 200,000 of Dongguan's workforce—provides the foundation for exten-David Dodwell sive food processing industries. This includes not just rice noodles (50,000 tonnes were exported last year), but also soft drinks, flour, biscuit-making, sausage-making, and a wide range of dried fruit and recentable seekaring.

> With more than 800,000 overseas Chinese tracing their ancestral roots to Dongguan ancestral roots to Dongguan (many of these still live in Hong Kong) the city has attracted substantial foreign investment, More than 1,600 factories employing 100,000 workers process goods supplied from Hong Kong, Processing fees last year earned the city US\$68m, about 40 per cent of exports totalling \$168m.

> These factory operations imploy more than 1,000 employ more managers and technicians from Hong Kong alone, most of them spending the working week in Dongguan and returning to homes and families every week-

Even the power shortages that are endemic in most parts of Guangdong touch Dongguen lightly. The municipal government has built two small thermal power plants out of its own funds, and from late next year will be receiving energy from the almost complete Shaliton pursue allocation in the next incomplete. jiao power plant in its eastern

On the back of this powerful and varied economic growth, Dongguan's industrial and agricultural output has doubled to RMB Yuan 1.92bn between 1980 and 1985. In what was once a largety agricultural community, industry now accounts for three quarters of the city's jobs.

Even the historically dominant firework industry is being overtaken by more conventional —but equally lucrative, and distinctly safer — industrial activities.

The city today hardly being comparison with the shackled economy of Mao Tsetung's era, when cash crops were ignored to maximise national rice out per cent a prime sport among the city's say. listless youths to try to escape antumn, to Hong Kong in search of for-

> With footines now to b found closer to home, the exo-dus has dwindled to a halt. Nowadays, about the only emigres from Dongguan to Hong K ong are the city's famous dragon hoat teams. In 1984, a team from Dongguan defeated allcomers from as far afield as Harvard in the US and Oxford University in the UK in this demanding amusal

But that is another achieve-ment the city has managed until



1980s telephone system arrives

TO ANYONE who has never travelled in China, it may seem odd to admit the buzz one gets from picking up a telephone in Hainan and dialcleft stick sometimes seems quicker than any other kind of communication, the sense of isolation from the outside of solution from the ounset world can often feel acute. But in Guangdong province—exclusively in China—the completion of a microwave telecommunications—grid means that modern connections—connections

mems that modern connec-tions have arrived.

The new grid is playing an important part in bringing Guangdong close to a point where petential foreign in-vestors can expect an infra-structure that no longer dogs progress. Electricity may still be in chronically chart sunbe in chronically short sup-ply, and the road network may be more suited to Land Rovers than limousines, but

beginning to improve.

With technical assistance from Cable and Wireless in Hongkong, the Guangdong Post and Telecommunications Bureau in March completed a 975 km system stretching from Haikou in the west to Shantou in Guangdong's

Shanton in transplants of extreme east.

The 1,800-line system, which cost about \$15m, can carry television, telex and facsimile messages as well as telephone calls. It compares with existing overhead telephone cables that carry a base 20 lines. The system links in Guang-tou with a 2,700-channel

system to Shenzhen, China's higgest Special Economic Zone, and Hong Kong. By 1988 this north-south channel should have an optical fibre link in operation that will be capable of carrying 50,600 telephone channels.

The impact on business in Guanglang has been immediately be harm immediately the capable of the capable of

The impact on business in Guangdong has been immediate, though problems still exist where new local exchanges are being built, and where telephone and telex units are still in short supply. Calls between Hong supply. Calls between Hong Kong and Guangahon have seared from an average of 1,800 a day at the end of 1984, to almost 5,000 a day now.

familiar engaged tones that greet callers to most parts of China, the call success rate China, the call success rate between Hong Kong and main cities in Guangdong new matches that of normal international calls. Outside Guangdong, only Peking has modernised to a level comparable with the southern

The provinces of Jiangsu and Zhejiang in the Yangtre Delta behind Shanghai are discussing a similar grid with Cable and Wireless, but for the time being lag far behind.

From Hainan, Hong Kong may just be a dialling tone away but, for the foresceable fature fell interesting only in the constraint of the co future, full international calls will still have to be routed through Peking or Shanghai and delays through these "gatoways" remain as long

More cargo going through Huangpu

HUANGPU PORT may never challenge Heng Kong as the pre-eminent port in southern China—the mere fact that it is 150km up the Pearl River from the South China Sea ensures that—but it is playing an increasingly important part in the foreign trade of Guangdong and the seven provinces that surround it.

From just two herths in

From just two berths in 1949, Huangpu has 19 berths today, all able to take 10,000-tome ships. Cargo handled has grown from 12.1m tomes has 1989 to 17.7m tomes last transport to the same tage. year, and is expected to surge to 18.5m tomes this year despite a design capacity of just 14m tomes. Growing pressure on exist-ing berths has led to the com-

pletien of plans for a new port in Xinshagang just south of the existing berths. The of the existing perins. The first stage of this ambitious new project, which will boost port capacity by over 11m tannes a year, involves plans for 10 new berths—and the them—costing RMB Yuan 680m, to be built by the early 1990s. A World Bank loan of \$100m for the project has been under negotiation for

some time.
Of carge handled at present by Huangpu, almost 56 per cent involves trade with other chinese provinces. Huangpu is also predominently used for importing. In 1985, 75 per cent of the 17.7m tonnes of targe handled was coming into Guangdong—much of it coal and oil for the province's power plants, bulk grain, and urea as fertiliser for the substantial farm operations in the Pearl River Police. the Pearl River Delta.

The only dull sector of the port is its modern container terminal, where barely half of the annual handling capacity of 100,000 containers is being used. This is in part because a large proportion of the world's modern container vessels are too large to travel so far up the Pearl River.

D.D.

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CHINA

A number of advertisements from Guangdong have been placed within the pages of this Survey. Should you require further information from these companies, please indicate in the boxes provided below. Your request will then be forwarded to the individual organisations concerned. To: Simon Timmis, Financial Times, Bracken House 18 Cannon Street, Lendon EC4P 4BY

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VEHICLES: A joint venture to make pick-up trucks brings the transfer of modern vehicle-making techniques.

PEJGEOT's 504 pick-up truck is today the workhorse of many French farmers. As the com-French featurers. As the company prepares to issunch production in Guandong, so there are hopes that within a decade it will have won a similar important role in the Chinese countryside.

The venture, based in Hengana near Huangpu, east of Guangzhou, is an ambitious one for both Peugeot and China. It involves foreign investment of FFr 240m and rapid transfer of modern



The pick-up trucks take shape ready for the launch. China's demand for vehicles of all kinds is expanding

China. It is necessary investment of FFF 240m and rapid transfer of modern vehicles manufacturing technology into a region highly reputed for its light industries but without any experience of heavy lodustrial manufacture. "It's going to be hard in the early stages to get even basic parts made locally of the right quality," says Mr Fierre de Montgolifier, the French general insulation of the vehicles. Montgolifier, the French general insulation of cars in China." Agreement on the partner-math Changabou of the following the China in the production of cars in China." Agreement on the partner-math Changabou of the following the China international Trust and Investment description (Citic). The original silom in the partner-math as since the vehicles. The French general in 1994 produced 1995 in 1986 is for the vehicles. The French group's decision to post the production of cars in China." Agreement on the partner-math of the China International Trust and Investment of the china international Trust and Investment corporation (Citic). The original silom investment has since the production (Citic) and the China international Trust and Investment Corporation (Citic). The original silom investment has since the production (Citic). The original silom investment has since the production of cars in China." Agreement on the partner-math of the china in the production of the production of the sight of the production o

Questions on food venture

"OUR PARTNERS have to general manager of Guangmei of canned water chestnuts. in Guengdong.

begun to subside. Whether it change needs.

will manage to balance its foreign exchange costs is another master.

Beatrice commitment here.

commitment has never fully been honoured. "I think Chinber 1984 as a joint wenture between Beatrice Co Inc, the private Chicagoobased foods group, the Guangzhou Foodstuffs and Industrial Corporation, and the China International Trust and Investment Corporation (Citic). The original \$10m investment has since been doubled to \$20m.

Guangmei's modern factors

realise that the world is not drinks for a Hong Kong retail waiting for Chinese ice-cream group, but most of this year's or soft duinks," comments \$200,000 foreign exchange earn-Hector Veloso, the American ings will come from the export

Foods, a joint venture that has Beatrice has for many years the potential to be one of the bought water chestnuts from most successful yet established China, for sale in the US under its "La Choy" label. A critical With the company's bottling part of the original joint ven-plant working round the clock ture agreement was that Guangto meet summertime demand for soft drinks in nearby Guang-zhou, fears that the venture will be sufficiently way that greatly discovered the summertime demand for mei would be credited with for-eign exchange earnings from the export of water chestnuts begun to subside. Whather is

Beatrice complains that this commitment has never fully

exchange that it has traditionally earned from Beatrice's purchases.

Zhang Decheng, the Chinese vice-general manager at Guang-mei, acknowledges the foreign exchange problem, but feels optimistic it can be overcome as more materials come to be

by pressing production forward for example, with Brail, which is not present of the production of the production of the production of the partner-ship with the Guangshou and the Guangshou is not partner ship with the great what will soon become the ship with the



Western ice-cream comes off the production line, for the first time in China, at the Guangmei factory



Oil exploration still disappointing

CHINA'S PERSISTENT optimism about its offshore oil exploration programme rarely waters. "We haven't yet discovered a major oilfield," says Mr Chen Tongtai, president of the official Nanhai East Oil Corp. "But now we have a better understanding of the geological formations in the South China Sea, and that will help us find oil and gas in the South China Sea, and that will help us find oil and gas in the South China Sea, and that will help us find oil and gas in the South China Sea, and that will help us find oil and gas in the South China Sea, and that will help us find oil and gas in the South China Sea, and that will help us find oil and gas in the South China Sea, and that will help us find oil and gas in the South China Sea, and that will help us find oil and gas in the South China Sea, and that will help us find oil and gas in the South China Sea, and that will foreign participation to enter production, starting in August, such as British Petroleum, found no officials in China already are reviewing financing proposals for the project, which could be wentually Hong Kong, where Chinase describe as commercially eventually Hong Kong, where China hopes to sell the gas to a public utility for foreign exchange.

Neither Hong Kong and China Sea Co nor China Light and Power Co, the colony's two energy utilities, have agreed to purchase the gas yet, but officials in China already are reviewing financing proposals for the project, which could be ventually Hong Kong, where Chinase describe as commercially eventually Hong Kong, where China hopes to sell the gas to a public utility for foreign exchange.

Neither Hong Kong and China Sea to a public utility for foreign exchange.

Neither Hong Kong and China Sea to a public utility for foreign exchange.

Neither Hong Kong and China Sea to a public utility for foreign exchange.

Neither Hong Kong and China Sea to a public utility for foreign exchange.

Neither Hong Kong and China Sea to a public utility for foreign exchange.

The official Nanhai East Oil of Foreign exchange.

geological formations in the South China Sea, and that will help us find oil and gas in the future."

The offshore oil search has been more than a mere geological survey, however. In the three years since China formally auctioned off drilling rights to expansive undersea tracts off Guangdong Province, foreign companies have spent at least \$1.4bn scouring the coast for commercially exploitable deposits of oil.

China itself has poured as much as \$300m of foreign exchange into exploration, starting in August, was discovered in 1982 by a consortium that had signed an exploration began. The well, southwest of Weizhou Island in the Beibu Gulf, was discovered in 1982 by a consortium led by Total-Cle Francaise des Petroles. It will produce about 10,000 barrels of crude a day.

Perhaps the brightest spot in the energy search in the South China Sea is the development of a giant natural gas field near Hainan Island. Discovered in 1983 by a joint venture between CNOCC and Atlantic Richield and Santa Fe Minerals Inc of the US, the 90bn cubic metre field is scheduled to go into production in 1999.

China has promised to build a 650 kilometre pipeline to carry the gas from Hainan

Officials from the US combecome a paradigm for successful offshore energy development, once additional oil finds

responsible for 37 of the wells in the South China Sea.

Eight of those showed oil and gas, he says, but only two are under appraisal for possible development. Nevertheless, he says the success rate is about that of the first oil searches in the North Sea.

The foreign companies are more disappointed, and to compound their dissatisfaction with the exploration programme's success rate, world oil prices have ebbed considerably since China first allowed broad foreign participation in its off-shore oil search. Earlier this foreign participation in its on-shore oil search. Earlier this year, spot-market prices of the world's major crude-oil grades fell to lows of about \$8 a barrel from \$34 a barrel in 1982. Today, prices are hovering in a range of \$12 to \$15 a barrel, below the \$300 aborted that some

a range of \$12 to \$15 a barrel, below the \$20 a barrel that some Chinese officials say would be necessary to make offshore production profitable.

The decline has hurt China, which last year produced nearly 125m tons of oil, making it the world's sixth-largest oil producer. It earned about one-fifth of its hard currency from oil sales.

The decline in prices, in com-

The decline in prices, in com-The decline in prices, in com-bination with the poor results of the first round of drilling, also has dampened foreign in-terest in China's offshore oil expluration programme. Of 22 foreign companies have shown interest in onshore exploration. To entice foreign companies in China's second round of offshore exploration, only five operators have signed contracts to explore in a total of seven

They are expected to begin driking at the end of the year, but enthusiasm about thesearch is muted. "Most of the first-round finds aren't exploitable," says an executive with a US oil company. "People are will-

Neither Hong Kong and China
Gas Co nor China Light and
Power Co, the colony's two
energy utilities, have agreed to
purchase the gas yet, but
officials in China already are
reviewing financing proposals
for the project, which could
cost \$400m.

Officials from the US come

Refine of Namhat East says
China is trying to be more
dence of a loosening up. Total
was able to persuade Namha is
responsible for its official in the
Refine Guif. to waive producresponsible for its offield in the Beiou Guif, to waive producpanies will not comment on the tion sharing agreements for the project, but Chinese officials well's first two years of apsay they are optimistic that it praisal production. The less sucwill be finished in time and will cessful participants in the praisal production. The less successful participants in the first round have been allowed to drill outside of their contract blocs.

For now, Ching and the foreign companies are still assessing their progress. "The overall success rate should have been higher," admits Mr Chen, whose company, Nanhai East, is the subsidiary of China National Offshore Oil Corp (CNOOC), responsible for 37 of the wells in the South China Sea.

Fight of those showed oil and

Economic Zone both have felt Economic Zone both have felt

the impact of that slowdown.

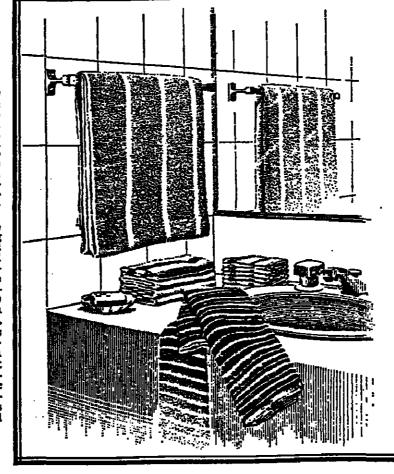
Mr Yuan Geng, chairman of China Ocean Oilfields Services (Hongkong (Limited and vice-chairman of Shekou's China Merchants Steam Navigation Company, says Shekou suffered a serious sethack because of the determine of the later hand of slow pace of oil exploration. He recently told reporters from Hongkong that Shekon was trying to diversify its inciplent industrial base to avoid depend-

ence on the oil industry. Me: trwhile, many of the same Metrwhile, many of the same foreign companies are gearing up to participate in onshore oil exploration. China National Cil & Gas Exploration & Development Corporation, the state agency responsible for the onshore search, says more than 60 foreign companies, have shown foreign companies have shown interest in onshore exploration.

posed five types of exploration contracts, ranging from straight production-sharing arrange-ments to speculative seismic surveys allowing foreign compaines to use their own systems to determine the location of oil before drilling for it.

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APPOINTMENTS

audit and corporate advisory

Fir Maurice Eastaff has been appointed to the board of UNI-GATE. He joined in 1950 and was appointed managing director of Unigate Dairies in October 1982.

Mr Simon N. L. Chalton and Mr Richard Templeton have joined the board of THE WEST OF ENGLAND TRUST as non-executive directors. Mr Michael Whitwell has also joined the board following his appointment as chief executive of its subsidiary, Jordan Group.

Company Notices

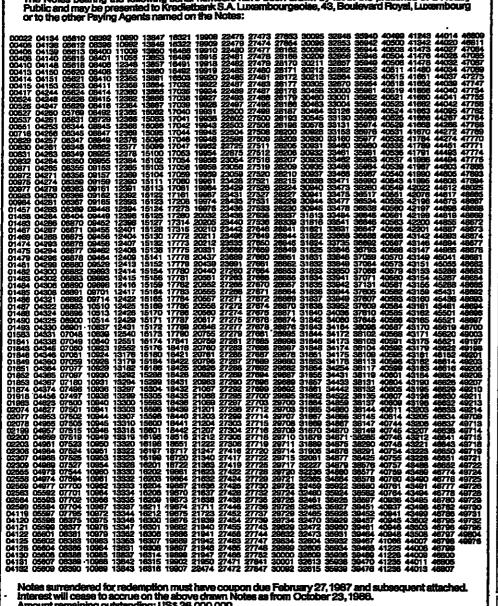
NOTICE OF NINTH PARTIAL REDEMPTION

THE KINGDOM OF DENMARK

Issue of US\$ 250,000,000 12%% Notes due February 27, 1992 with 250,000 Warrants to subscribe 12%% Notes due February 27, 1992

Pursuant to paragraph "Redemption and Purchase" of the Terms and Conditions of the Notes, notice is hereby given that as a result of exercise of Warrants, Notes for an additional aggregate principal amount of US\$ 7,000,000 will be redeemable on October 23, 1986 at 101 per cent. of their principal amount, together with accrued interest (Le.US\$ 417.92 per denomination of US\$ 5,000) from February 27, 1986

The Notes bearing the following serial numbers have been drawn by lot in the presence of a Notary Public and may be presented to Kredietbank S.A. Luxembourgeoise, 43, Boulevard Royal, Luxembourg or to the other Paying Agents named on the Notes:



Notes surrendered for redemption must have coupon due February 27, 1987 and subsequent attached. Interest will cease to accrue on the above drawn Notes as from October 23, 1988.

Amount remaining outstanding: US\$ 26,000,000

Luxembourg, September 22, 1986



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For holders of fully registered Notes the Rate of Interest for the six month period ending on 19th March 1987 has been fixed at 6% % per annum. The interest accruing for such six month period will be US\$33.03 per US\$10.00 fully registered Notes, and integral multiples thereof; payable 19th March 1987.



London Branch Agent Bank 22nd September 1996

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Further to the DIVIDEND DECLARATION of 29th August, 1986 NOTICE is now given that the following distribution will become payable on and after 15th September, 1986, against presentation to the Depositary (as below) of Claim Forms listing Bearer Depositary Receipts.

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6.25 CENTS 0.9375 CENTS

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CONVERTED at 1.483 = 3.58226 PENCE PER UNIT

Barclays Bank PLC Stock Exchange Services Department 54 Lombard Street, London EC3P 3AH

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS FEDR'41 IN AJINOMOTO CO., INC.

NOTICE IS HERREY GIVEN that a tash dividend will be paid to share-holders of record data Saptember 30, 1986. Farthermore, it has been declared that the shares will be traced ex-dividend on the Japanete Stock Exchanges with offect from September 100. a trial was a water than September 5 to the control of the distinct to soproval of the distinct of the control of the control

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDR'S) IN NIPPON SHINPAN CO., LTD. NOTICE IS HEREBY GIVEN that a cash dividend will be paid to pherologies of record date Sentember 30. 1986. Furthermore, it has been destined that the shares will be traded Exchanges with effect from September 26, 1986. ex-dividence on the second of the dividend, a 1986, 1989, to sepreval of the dividend, a further cortice will be published. The cortice will be published, a second of the dividend, a second of the dividend of the second of the CITIBANK, N.A., London. mber 22, 1986. Denositary.

HALF YEARLY DIVIDEND The directors of the Broken Hill Proprietary Company Limited are pleased to announce that a half yearly dividend will be paid on 25 November 1985 at the rate of 17.5 cents per one dollar share (November 1985 — 17.5 cents per (November 1985 — 17.5 cents per share). The dividend is payable on share capital which was increased by the one-for-five bonus issue made in February of this year. This half yearly dividend of \$220 million is an increase of 22 per cent on the November 1985 distribution. The dividend will be peld to registered holders following the registration of transfers received up to 5.00 pm on Friday 31 October 1986, the books closing date. October 1985, the books closing data.
For shareholders who no later than 31 October 1985 have elected that some or all of the shares held by them shall participate in the company's dividend investment plan, the dividend shall be satisfied in respect of those shares by the allotment of paid up shares in accordance with the plan. (For US shareholders the date for election was 18 September 1985). Transfers will be accepted for registration at the company's share registers at the following addresses:

addresses:
Australia
Melbourne: 140 William Street
Sydnay:
20 O'Conneil Street
20 O'Conneil Street
Arthur Young
44 Marcus Clarks Street
Hobert: 41-47 Currie Street
Hobert: Perpetual Trustass and
National Executors of
Tesmania Limited
23 Murray Street
162 Wharf Street
162 Wharf Street
Ed St George's Terrace

National Bank PLC 37 Broad Street The Sr The Broken Hill Proprietary Company Limited

NOTICE TO HOLDERS OF OPEAN DEPOSITARY RECEIPTS NOMURA SECURITIES CO., LTD

NOTICE IS HERELY GIVEN that subinct to examinelers' approval a custdividend will be paid to shareholders of record data September 30, 1986 and, pending payment, the shareholders' register will be closed for the period October 1-31, 1986 and during this parhot is will not be possible state of the process of the pro CITIBANK, N.A., London. Sestember 22, 1986. Depositury.

CREDIT FONCIER DE FRANCE US\$350,000,000 Floating Rate Notes due 1997 in accordance with the provisions of the notes, notice is hereby given that for the six month period from April 14 1896 to October 20 1986 the interest amount per US\$10,000 to be paid on October 20 1986 is US\$350.32, (Interest on the notes is subject to a minimum interest rate of 5 per cent per annum).

READY MIXED CONCRETE LIMITED RMC GROUP PLC

7 %% Bonds due 1987 FF 80,000,000

Notice is hereby given that, in accordance with the terms and conditions of the above-mentioned loan, Bonds for the principal amount of FF6,816,000 have been drawn in the presence of a Notary Public, on September 8, 1936 for redemption at per on October 25, 1986. Principal amount of Bonds purchased by the Company: FF1,185,000. The following Bonds have been drawn and may be presented to Kredietbank S.A. Luxembourgeoise or to other Paying Agents named on the Bonds:

Bonds surrendered for redemption should have attached the coupon due on October 25, 1987. Coupons due on October 25, 1986 should be detached and collected in the usual manner.

Amount outstanding: FF 13,600,000.

Luxembourg, September 22, 1986

Principal Paying Agent KREDIETBANK S.A. LUXEMBOURGEOISE

Contracts and Tenders

INVITATION FOR BIDS

RTA - 2/86

Interested bidders from member countries or the World Bank (IDA). Switzerland, Telwan and China may obtain further information from the RTA procurement Office Room 403 of the Headquarters Building, Telephone 15-73-27, Telex 21539, RTA ET. One set of bidding documents may be purchased by any interested eligible bidder upon payment of a non-retundable tes of Birr 20.00 for each set. The closing data for the submission of tenders shall be 15.00 hours local time on November 17,

Bids will be opened in the presence of the bidders of their re-sentatives in the conference room of the Head Quarters building November 19 1986 at 10.00 hours focal time. The Authority reserves the right to reject any or all bids

Ethiopian Road Transport Authority P.O. Bex 2504 Tel: 15-02-44 15-73-27 Addi: Ababa Ethiopia

SYRIAN ARAB REPUBLIC

PUBLIC ESTABLISHMENT OF ELECTRICITY FINANCIAL DIRECTORATE-EXTERN CONTRACTS SECTION EXTENSION OF THE CLOSING DATE OF TENDER NO. 1608 Following our advertisement of the call of tender No. 1608 for the JANDAR THERMAL POWER STATION USING COKE FUEL 2×60 MW UNITS.

Which is mentioned in the daily official bulletin No. 5397 dated The closing date of presenting the offer is extended until WEDNESDAY 10.12.1986. THE GENERAL DIRECTOR OF PEE

Personal



IT'S KILLING...

IT'S NEGLECTED... IT'S TREATABLE...

National Stroke Campaign

R.S.V.P.

Registered Charity No. 211015 To: The Chest, Heart and Stroke Association, Thylateck House Nor Thylateck Square, London WC1H 9/E, Thisphone: 61-387 3012

n a depotion in support of the National Strain Company of S...

Over 100,000 people in the United Kings th in six is due to a Stroke or its IT'S DISABLING...

of THE CHEST, HEART AND STROKE ASSOCIATION &

nber Stroke Victims Please

FT.

ALGERIA

NATIONAL COMPANY FOR THE SUPPLY OF FOOD PRODUCTS (E.N.A.P.A.L.)

Notice of International Invitation to Tender No. 21/86

The National Company for the Supply of Food Products "ENAPAL" is launching an international invitation to tender for the supply of 2.000 tonnes of coffee type "vert robusta" (green robust), with the usual conditions applicable, as set out in the specifications,

Offers must be sent in a double sealed envelope to: ENAPAL, 29 Rue Larbi Ben M'Hidi, Algiers. The outer envelope should be strictly anonymous and should read "Appel a la Concurrence International No. 21/86 ne pas ouvrir."

The closing date for receipt of tenders is fixed at four (04) days from the date on which this notice is published.

Tenderers shall be bound by their offers for a period of fifteen (15) days from the closing date.

Clubs

EVE has ordived the others because of a policy of his play and value for money. Support from 10-3.30 am, Disco and top musicians, glamorous hobecore, exciting approximately with 01-798 (approximately 1998).

CLASSIFIED **ADVERTISEMENT** RATES

Single column cm (min. 3 cms) 11.50 9.00 12.00 39,00 30,00 41,00 11.50 39,00 11.50 39.00 9.00 30.00 8.00 30.00 9.00 30.00 11.50 39.00 — net 22.00 bilishers amiliam positions available per single column cm actra All prices exclude VAT are trather details write to

Financial Times 10, Cannon Street, EC4P 4BY

Eight partners have been admitted to the UK practice by KRNST & WHINNEY. All have been appointed to regional offices: Mr Cedric M. Clapp (Bristol, tax); Mr Alan Clarke (Manchester, audit); Mr Richard Cellias (Leicester, insolvency and corporate advisory services); Mr John F. Hobbs (Norwich, andit): Mr P. Collin Lamb (Glasgow/Edinburgh, tax); Mr C. Augus Machestei (Inverness, privately owned business services); Mr W. Scott Martin (Manchester, insolvency services); and Mr Teny L. M. Willis (Newcastle, andit and corporate advisory services).

WY IIIRITC

Fell & Co in 1986 and was appointed a director in 1974. He is head of the international division and has been a director of grant of the service of the international division and has been a director of 2001 A. L.M. M. International division and has been a director of COPE ALLMAN INTERNATIONAL. He remains chief executive of Bell-fruit Services, a subsidiary.

Mr David Glasser has been appointed a director of ZODIAC TOYS. He was with Halfords, another ward White UK Retail company, Ward White UK Retail company, as development controller.

Mr Tony Ashby has been appointed chairman and chief executive of the aviation and aerospace division of ALEXAN-DER STENHOUSE. The division, formed last month, provides London marketing services for the US and Canadian retail operations of Alexander & Alexander Inc and Reed Stenhouse as well as for international space and satellite clients. The board of the division comprises Mr Ashby, Mr Arthur Elsea, Mr Derek Woods, Mr Ken Webb and Mr Ken Coombes. Mr Ted McDowell has joined HARLAND SIMON COMPUTER SYSTEMS (a member of the Harland Simon Group) as managing director. He was technical director and divisional manager of a systems and software company, part of GEC.

Mr Richard J. Grievson has been appointed group managing director of MARIVALE MOORE.

Mr C van Rijn has been elected chairman, and Mr L. F. Barr Smith, a former senior partner of Jones Lang Wootton has been appointed a director of HASLE-MERE ESTAE'S. Mr R. Victor Wood, a non-executive director, has resigned. has resigned.

MANN & CO, a subsidiary of Hambros Countrywide, has appointed Mr Reger Count as regional director (south). He was an area director. Hiss Vivienne Cariton has joined the board of LEADEN-HALL ASSOCIATES, she also becomes the firm's compliance officer for all dealings with the Stock Exchange. Leadenhall pioneered the "secure" system for the electronic transmission of price-sensitive information to the City. Miss Cariton joins from Namemakers where she was a director. THE POST OFFICE has applied Mr Jehn Handby as director of information technology. He was head of business efficiency services with the Department of Environment and Transport, looking after the strategic planning and provision of information technology and other management services.

Mr David A. C. Douglas-Home AUTOCAR ELECTRI has been armined chairman of EQUIPMENT has appointed MORGAN GRENFELL (SCOT-LAND). He joined Morgan Gren-tive of the engine division. AUTOCAR ELECTRICAL EQUIPMENT has appointed Mr Michael Shearing as chief execu-

Notice of Prepayment

THE TOYO TRUST AND **BANKING COMPANY LIMITED** (incorporated with limited Sability in Japan)

U.S. \$10,000,000 Redeemable Negotiable Floating Fiate Dollar Certificate of Deposit No. 000001 to 000015 insued on 7th October, 1982, Maturity 9th October, 1987, Callable on 9th October, 1986

Callable on \$th October, 1996

Notice is hereby given in accordance with the conditions of the above Certificates of Deposit ("the Certificates") as printed on the reverse of the Certificates that the Toyo Trust and Banking Company, Limited (the Bank') will prepay all the outstanding Certificates on 9th October, 1996, (the 'Redemption Date') at their principal amount.

Payment of the principal amount, together with accrued interest to the Redemption Date, will be made on the Redemption Date against presentation and sumender of the Certificates at the London Branch of the Redemption.

interest will cease to accrue on the Certificates on the Redemption

Bucklersbury House, 5th Floor, 83 Cannon Street, TOYO London ECAN SAJ. 2nd September, 1986

Financial Times Conferences

THE FT CITY FINANCIAL SERIES

London - October 23 and 24, 1986 The Financial Times Conference Organisation is arranging four special seminars to coincide with the International Financial Services and Technology '86 exhibition at the Barblean. Using Technology for Profit and Marketing for Superiority are the themes for the first day and the Prospects for Building Societies and Security and Prevention of Fraud form the agenda for the second. The series can be taken as a whole or a choice made from among the various parts. There has been substantial interest in this special series as the Building Societies morning is already heavily subscribed. Clive Blatchford, formerly of Chase Manhattan and now of STC/ICL completes the panel of the security seminar.

EUROPEAN BUSINESS FORUM— ITALY AND THE INTERNATIONAL **ECONOMY**

Rome -November 10 and 11, 1986 Fossibly the most distinguished panel of speakers the FT has ever assembled comes together in Rome on November 10 and 11 to participate in this important forum. Italy, European political, economic and business questions and issues affecting Europe and the United States form the agenda. Mr Walter Mondale, Dr Giovanni Agnelli, Ing Carlo De Benedetti, Mr C. J. van der Klugt, Professor Dr Ralph Dahrendorf and Dottoressa Marisa Bellisario are among the contributors. The Rt Hon Denis Healey, MP, and Dr Guido Carli will chair this topical two-day meeting which is co-sponsored by L'Espresso and La Repubblica.

WORLD BANKING

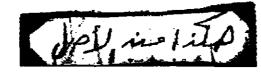
London - December 9, 10 and 11, 1986

London — December 9, 10 and 11, 1986
This year's conference in this long-running and successful series has an investment banking day chaired and opened by Mr Stanislas Yassukovich and a commercial banking day with Mr John Smith, MP, Opposition Trade Spokesman among the speakers. A third day devoted to the management of change in financial institutions is being prepared in conjunction with the consultants Booz Allen who have conferences. Three bankers who have been successful in handling change in their institutions will also contribute. If they prefer,

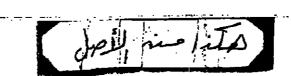
All enquiries should be addressed to: The Financial Times Conference Organisation Minster House, Arthur Street London EC4R 9AX Tel: 01-621 1355 (24-hour answering service)

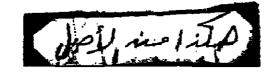
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7	ACROSS 1 and 13 Like the clear leader in road race? (7, 5) 5 State of anxiety. Crowds 1 Sovereign one found in a cake (7) 2 Make out to be about nowadays (9)	Gerrice 3.3.6 Mar. 3.4.5 Gerrice 4.3.5 De Actom- fert income 5.4.5 St. 4.5 Gerrice 5.5 F. Picest 5.6 Leaves 1.5 St. 5.5 St. 5.5 St. 5.5 De Actom- lative 7.4.6 St. 5.5 St. 5.5 St. 5.5 De Actom- fert America 7.4.5 St. 5.5 St. 5.5 De Actom- tive 7.5 De Actom- St. 5.5	2015 3 124 - 14 6.5 Lawren Fund Managers Ltd (a) (c) (g) Bet Large Growth 55.5 60.3 - 0.5 77 Takes 2015 205.8 + 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5	0.00 Smaller Dat. 194.6 0.00 Genus Hees) 504.4 3.16 Smaller Dg. De. 59.2 3.26 Genus Hees' 54.7 0.00 Section See' 500.4 3.74 Genus Hees' 100.4 1.83 Europete Growth. 114.0	2714 -07 22 2714 -08 22 438 -01 55 732 -01 55 1103 23 1214 -05 07
	after man: (7) 9 Part of flap elegantly folded on jacket (5) 18 Routine breather's one 19 Routine breather's one	Brycourt (Init Trest Mgant List(a)(c)(a) Hep Yrici S Heshold Hos, Pertente Sc, With DJE 19-95-6382 State House Growth 19-92 19-71 1-4-51 State S	10.072 151.77 17.66 High Viroli Inc. 17.527 27.77 37.5 Account United 1.022.3 131.5 43.0 4	1.00 North American 1132 1.00 Pacific Saste 161.4	1200 +03 171.1 +18
	recalled for reptile (9) 11 R.N. eye Bath differently. That's crisp (9) 12 Help with national insur- 13 Help with national insur- 14 Help with national insur- 15 Jovial marine (5) 5 I find game when high is overdone (9) 7 Half diverted (performed on stage) (5)	The Stock Earthamps, Lunchus EC27 2.17 01-905 2066 GT Units To Company of the Care Land Stock Company of the Care Land Com	75 Dealing (11-62) 9431 Instances 500 à 277 d -27 422 173 1046 -0.5 2.9 section 529 1243 -1 550 174 104 105 -0.5 2.9 section 529 1243 -1 550 175 104 105 -0.5 2.9 section 529 1243 -1 550 175 104 105 105 105 105 105 105 105 105 105 105	Unit Trust Account & Mg 514 29, Contell Account & Mg 514 29, Contell Account London, EC 100 Advisors: Henterson Crestingain 409 Priest Net. Cas. Fd	22 7PA 01-588 6064 123 - 15
	ance in return for the court try (5) 13 see 1 across 15 Tea, in main, is brewed, lack- lack vitality (9) 8 Smith? Man sure is being worked! (7) 14 Very pleasant choice (9) 16 On the surface they are on	Sensis Cry Sept 19. 1129-5.0 129-5.0 1-7-7 25 Tec. 4. Colo Access Values Sept 19. 1129-5.0 129-5.0 1-7-7 25 Tec. 4. Colo Access Values Sept 19. 1129-5.0 129-5	10	9300. 65 Holburn Visibut, London ECLI 370 Deciling Line: 01-256 2466 270 Augustia Bita Assett 1314 A 830 CACCON DECI	
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	21 Terror in the grass (5) 22 Came into line and put on formal clothes (7) 23 Decline in value when one leaves to express disappro-	Change, Fred Managers Ltd. (2) For East for 1 Openin Way, Worsblery, MAY DAR. Department of the Indian Control	nd S25 5.2 - 04 0.31 Legal or sensors (UMX 181, Margis.) Ltd Sc. 45.5 - 2.3 - 3.12 S Revisible Rik Reventord 0277 274634 Sc. 5.25 3.12 S Revisible Rik Reventord 0277 274634 Sc. 5.25 10.0 Spaty Dis. 257.3 285.9 - 2.1 242 MFU Murbal Unit Managers 1.16 109.5 Viccos S, 6uspec 62548 041.249.6 Ltd 22.4 S.5 Founds S, Marciester M2.24F 061.296.5685 Environ. 207.7 221.0 200. 25.9 - 24.5 Environ. 277. 5.25 - 0.25 Founds S, Marciester M2.24F 061.296.5685 Environ. 207.7 221.0 200. 25.9 - 24.5 Environ. 277. 5.25 - 0.25 Environ. 277. 5.25 Environ. 27	to Marries 51.77 100 (Access Unit) 51.04 1.06 1.06 Wardley Unit Trust Masse	FC3 A1 020 1 FT
- m-1	val (9) 25 Some engines are without water (3-6) 26 Kept in urn (but not tea!) (5) 27 Supervise some deliveries to a under the solution to last Saturday's prize puzzle will be published	10 10 10 10 10 10 10 10	10.0 10.0	0.44 Australia Tut. 1017 2.10 Far Esta (Ser 1st . 10117 2.10	670 +02 10 11034 +10 0 750 +02 0 750 +02 0 1374 +14 0 1374 +14 0 1374 +03 12 1400 -13 2 570 +02 0
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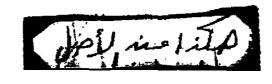
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INSURANCE, OVERSEAS & MONEY FUNDS

| Second Company to For May | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | 1985 | Financial Times Monday September 22 1986

32 British Funds	AMERICANS—Cont.			Financial Times Monday S	RIALS—Continues
Shorts (Lives up to Five Years) 29 Aor 29 Oction 100: 1996. 22 May 21 hortest 27; 1996. 22 May 22 hortest 1797. 23 May 21 hortest 1790. 24 May 22 hortest 1790. 25 May 25 May 26 May 26 May 26 May 26 May 27 May		BUILDING, TIMBER, ROADS—Cont	SERVICE No. Books and September 1997	Stock	79 57 193
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CONSTRUCTION CONTRACTS

RENOWN INCORPORATED

On the 17th September, 1986 the Board of Directors of Renown Incorporated met and approved the following Report: SEMI-ANNUAL BUSINESS RESULTS

(unaudited and on consolidated basis)				
Fo		ended 30th June,	,	
	1965	1966		
	Millions	of Yen		
Net Sales	110,336	109,845		
Cost of Sales	70,587	70,630		
Gross profit	39,749	39,215		
Selfing general and				
administrative expenses	<u>35,899</u>	36,612		
Operating Income	4,050	2,603		
Non-operating income:				
Interest income	2,262	3,085		
Other income	1,553	1,291		
	3,815	4,376		
Non-operating expenses:				
Interest expenses	831	1,082		
interest on bonds and				
notes	442 621	324		
Other expenses		916		
	1,894	2,322		
Income before income				
texes	5,971	4,657		
Income taxes	2,991	2,242		
Equity in earnings of associated companies	598	770		
Net Income	3,578	3,185		
	Ye:			
Earlings per chara	22 02	10 EQ		

Note: No interim dividend is declared and paid for the current sen

McAlpine builds roof over nuclear pond

SIR ROBERT MCALPINE & less steel roof trusses. The walls SONS has been awarded a £6.3m and roof will be lined with stain-contract by British Nuclear Fuels less steel to provide a maintento erect a covered structure over ance-free surface over the pond. an existing storage pond at Sella-field. The 35 metre high roof, roof trusses will have the longest covering an area of 100 metres x span so far installed in the UK. 42 metres, will be supported on carbon steel columns with stain-

Scunthorpe hospital scheme

CLUGSTON CONSTRUCTION has successfully tendered for for several building contracts culminating in orders toalling £5.3m. Largest is a £2.7m accident and emergency department which forms Phase B of the Scunthorpe District General Hospital development for the Yorkshire Regional Health Authority for a psychiatric unit and temporary maternity unit at Burton District General Hospital. Further build-scunthorpe District General Hospital. Further build-scunthority. A joint venture £1.3m and factory units at Gainsborough for English Estates. culminating in orders toalling f6.3m. Largest is a £2.7m accident and emergency department which forms Phase B of the Scunthorpe District General Hospital development for the Yorkshire Regional Health Authority A doing to recommend to the contract of the

Renovating US school building

TAYLOR WOODROW CONSTRUCTION CORPORATION,
New York, has been awarded a contract worth \$7.2m (\$4.5m) by the Town of Carlisle, Massachusetts, for work on its teaching facility. The contract comprises building extensions and renovations. Work has started for completion by December 1987.

BALFOUR BEATTY CON-STRUCTION has been awarded a £790,000 contract by Norsk Hydro Fertilizers for construc-tion of a turbo alternator build-ing at Immingham Dock.

£150m glass pyramid in City

Wates, City of London Properties, and Wimpey Property Holdings, are planning to build a £150m eight-storey glass pyramid over London Wall in the City covering the area from Moorgate Tube Station to the Guildhall.

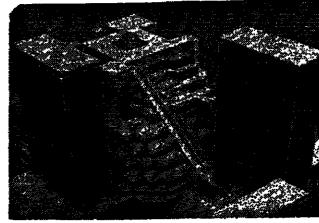
The pyramid—which will offer 500,000 sq ft of office space on a after the City's planners, searching for large spaces to offer financial institutions for trading floors in the wake of the Big Bang, spotted the empty acres of London Wall and decided they were ripe for building

London Wall, by the Barbi-can, is a post-war planners dream that has faded: high-level dream that has raded; high-level pedestrian walkways above a four-lane urban motorway be-tween rows of obsolete slab-sided office blocks surrounded by empty concrete spaces dotted with small, jazzily geometrical

to become what Mr Rodney Clutton, Wates City develop-ment director, describes as the

Though the office blocks need modernising for electronic technology and many of the jazzy shops are peeling and empty, the windswept concrete spaces in between offer some of the last large building sites in

Wates and Wimpey plan to build their pyramid — to be called City Plaza—on the empty



Monk, build to last Monk A. Moni: & Company plc., ED. Box 45, uingeon. Cheshire WAI 478, Tel: 0925-812

Hotel to be built at **Maidstone**

Architect's model of proposed Loudon Walt

concrete podium between two london Walt office blocks they already own — Wates 21-storey city Tower and its Wimpeyowned sister St Alphage House.

The site will be completed by bridging the London Wall motorway and by demolishing a seven-storey 1960s telephone exchange, owned by the Postel, which are supporting the scheme.

I VIZILISTORE

With the award of a £6.75m contract for a 120-bed hotel and country club at Maidstone, JT DESIGN EVILD has projects underway in the south and south-east of England worth a total of almost £20m. Work has started at the 125-acre Tudor House sits at Bearsted near Maidstone on a hotel for Country Club Hotels which, like most hotels in the group, will have a championship and leisure facilities including an indoor swimming pool, sauna, solarium, squash courts and a mooker room. The hotel will also have conference and function facilities.

The London Wall motorway

more usually such as seven-storey 1960s telephone exchange, owned by the Post Office and Postel, which are supporting the scheme.

The new building will have eight office floors stepped back to give what the architects Whinney Mackay-Lewis describe as "the effect of an Aztec pyramid," with a bank of lifts encased in glass tubes running up the outside at an angle of 45 degrees.

The London Wall motorway will be crossed by a network of latticed steel beams six SYSTEMS has won the contract to supply and fit roofing for long, carrying the weight of London City Airport STOLport now rising from the site of the old Royal Docks, with a tender of more than £300,000. The work includes the terminal building, spaces, and to wander between them into a network of small shops,

This announcement appears as a matter of record only.

\$500,000,000



BANCO CENTRAL

North American Capital Corporation a wholly owned subsidiary of Banco Central, S.A., Madrid

Commercial Paper Program

The undersigned acted as advisor in the establishment of this program and has been appointed as a dealer.



The First Boston Corporation

BUSINESSMAN'S DIARY UK TRADE FAIRS AND EXHIBITIONS

October 17-19

Int Broadcasting Convention and Exhibition (01-240 1871) (until September 23)

September 21.23 Int Garden and Leisure Exhibi-tion—GLEE (01.930 2211)

hibition (01-891 5051) NEC, Birmingham

September 28-30
British Footwear Fair (01-789
0iympia 0iympia October 21-33
International Financial Services and Technology Exhibition (01-940 6065)
Barblean Centre October 21-23

Met Exba Hall, Brighton October 15-1? International Rail, Road, Sea National Aid for the Disabled and Air Transportation Exhibiter 21-23 Exhibition (0892 44027) tion (01-968 4567) Guangthea

British Motor Show (trade only 15-17) (01-235 7000) NEC, Birmingham International Machine Tool Trade Fair — INTERTOOL (01-977 4551) Vicuna

International Property and Time-sharing Exhibition (01-387 7878). Cumberland Hotel, W1 October 6-12 International Wine and Spirits Show (0494 775444) Montreal

OVERSEAS TRADE FAIRS BUSINESS AND MANAGEMENT CONFERENCES

Fiber: "Acquisition Monthly" Coopers & Lybrand: The impli-conference on how to buy and sell companies (01-821 5555) churchill Hotel, W1

Churchill Hotel, W1

Coopers & Lybrand: The impli-cations for the European busi-ness community of the US Tax Reform Act 1286 (01-831 2858)

Euromoney two-day seminar: September 30-October 2
(1) Options—a risky business? Royal Institute of Nat (2) Redging can be fun (01-236 Worldwide Navigation (2288))

September 25-26 October 2-4
FT Conference: Pacific Basin International

Royal Institute of Navigation: Worldwide Navigation into the 21st Century (01-589 5021) Brighton Metropole

Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown mainly on last year's timetable.



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Thomas De La Rue **Bearer Securities**

NewAddress from Monday, September 29 6-8 Fenchurch Buildings **London EC3M 5HR**

Telephone: 01-480 7130 Telex: 9413136 Facsimile: 01-481 4363



Kingdom of Sweden U.S. \$250,000,000

7 per cent. Bonds due 1991

Issue Price 1001/2 per cent.

ng have agreed to subscribe or procure subscribers for the above Bonds

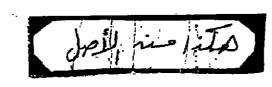
Swiss Bank Corporation International Limited

Sankers Trust International Limite

Union Bank of Switzerland (Securities) Limited

lorgan Stanley In Orion Royal Bank Lim

Application has been made for the 7 per cent. Bonds due 1991 to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary Global Bond. Interest is payable annually in emear on 7th October, the first payment being made on 7th October, 1997. Full particulars of the Bonds are available in the Entel Statistical Service and may be obtained during usual business hours (Sakurdays excepted) up to and including 24th September, 1996 from the Company Announcements Office of The Stock Exchange and up to and including 3rd October, 1996 from:



WORLD STOCK MARKETS

	ALSTRIA	AUSTRALIA	DENMARK	JAPAN	CANTARA
71	1885 September 19 Price Sch 2,550 2,190 Credit nat it po 2,500 15,000 12,550 Interunfall	1985 High Low September 19 Aust. 5 3.80 2.56 AOI mtl	1985 September 14 Price Knr. 3 494 298 Andslabanken 314 670 510 Saitles Skand 588	1986 High Low September 19 . Yan 1,970 1,150 Alinemete	Sales Stack High Low Class Chop Sales Stock High Low Class Chop Sales Stack High Low Class Chop Sales Stock High Low Class Chop
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Arris 1 25 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 1 1954 STATES OF S 2017年前33年的1917年,1917年,1917年的1918年,19

NYSE COMPOSITE CLOSING DRICE

The property of the property o	NYSE COMPOSITE CLOSING PRICES	AMEX COMPOSITE CLOSING PRICES Closing prices September 19
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CURRENCIES, MONEY and CAPITAL MARKETS

Sterling has shown much less

rowing.
The main reason

CURRENCY RATES

FOREIGN EXCHANGE

D-Mark hits dollar and pound

THE DOLLAR and sterling £ IN NEW YORK came under pressure last week, but officials in Washington and London probably took entirely different views of the situation. While members of the US the dollar down, the Bank of England was trying to convince nervous financial markets that bank base rates were not about

bank base rates were not about to rise.

This month's meeting of the Group of Five — the Finance Ministers from the US, UK, France, Japan and West Germany — in Washington is likely to be much less harmonlous than the meeting this time last year in New York. At that time it was agreed the dollar was too strong and would have to be devalued. As a move to correct strong and would have to be devalued. As a move to correct the very large US trade deficit, the fall of the dollar from DM 2.90 to less than DM 2.00 and from Y240 to just above Y150, has so far been singularly unsuccessful. The July deficit was a record \$18.04bn, compared with \$11.59bn the same time last year.

CURRENCY MOVEMENTS OTHER CURRENCIES

POUND SPOT-FORWARD AGAINST POUND

9.4. months

3.78 1,E2-1.48pm
0.03 0.07 dis-per
4.51 6-32pm
0.94 3-72pm
-1.11 0,13-0,38dis
-5.10 4-72pm
-6.17 263-386dis
-2.38 40-100dis
-0.89 2-6dis
-4.07 3-72pm
4.67 3-72pm
4.68 37-37pm
4.68 37-37pm
1.68 37-37pm
1.68 37-37pm
1.69 37-37pm 1.4715-1.4810 1.4755-1.4745 0.48-0.48c pm 1.4715-1.4810 1.4755-1.4745 0.48-0.48c pm 2.0431-2.0569 2.0480-2.0680 0.01c dis-par 13.08-1.334 3.314-3.324 11.08-1.0.8-1.0.8-1

FORWARD RATES AGAINST STERLING 1.4713 2.9272 9.6177 1.4609 2.8980

EMS EUROPEAN CURRENCY UNIT RATES

0.47-0.46pm 0.47-0.46pm 1.49-1.47pm 1.49-1.47pm 5.66-5.55pm 5.65-5.55pm to the US dollar

policy.

Last week Mr Karl Otto Poehl, president of the West German Bundesbank, made his position clear, by saying he would not cut interest rates, in spite of pressure from the US. It was also noted that the next meeting of the Bundesbank council on Thursday will occur at a time when 2r Poehl is on his way to Washinton, making any change in credit policy extremely unlikely.

On Thursday the dollar fell from Y240 to just above Y150, has so far been singularly unsuccessful. The July deficit was a record \$18.04bn, compared with \$11.59bn the same time last year.

West Germany and Japann have been asked in fairly strong terms to help reverse the situation by cutting interest rates and stimulating economic growth. But so far both countries have been equally forceful in refusing. It almost seems a daily ritual for Mr Satoshi Sumita, governor of the Bank with the same that the since January 1981, but remained above Y150, scrobably leaving some room for the yent to apreciate against the D-Mark. The reason for the dollar's continued decline was the West German and Japanes attitude towards lower interest rates; a disappointing unchanged revision of 0.6 per cent growth in second quarter US gross pational product; and the comment by Mr James Baker, US

Arg'tina 1.5485-1.5540 1.0510-1.0540 Aus'alis 2.5395-9.3456 1.6965-1.5906 Brazil 30.29-90.41 15.77-12.84 Finiand 7.0975-7.11564,8300-4.8320 Greece 1.94.66-197.98151.46-153.68 H'kong 11.4875-11.5987-9000-7.620° Kuwak 30.4310-6.43200-9825-0.2850 Luc'burg 61.00-61.10 41.50-41.40 Maiaysia 2.8700-3.68009-8300-9.8300 Maiaysia 2.8700-3.68009-8300-8.2018-0.317-901-3.1625-3.19802.1610-9.1850 347 (Orn)3.2365-3.95008-2028-9.2078 3.47.671,6.6216-6.8204-4494-4.8510 U.A.E., 5.4098-6.41453.6725-3.6736

Low 93.72 93.60 93.40 93.07 92.73 92.73 92.73 92.36 91.99 (7,188) DOLLAR SPOT-FORWARD AGAINST DOLLAR

3.76 1.52-1.40pm 4.81 2.15-1.40pm -2.29 0.55-0.30dis 0.75 0.54-0.30dis 0.75 0.54-0.30pm -1.16 11-15dis -2.86 5.04-0.15dis 1.41 0.75-0.70pm -5.75 170-200dis -5.77 18-19-dis -7.78 14-10-14-50d -1.57 2.30-3.30dis 0.53 0.42-0.37pm 0.46 27-4psi

te apply to the US dollar and not to the ladividual currency.

EURO-CURRENCY INTEREST RATES

four years 74-77s per cent; five years 76-87s per cent nominal. Short-

(4 pm)

NEW YORK RATES

£100m

MONEY MARKETS

Bank acts to calm nerves

UK clearing bank base lending rate 10 per cent since May 22

STERLING'S FALL to a record low last week, according to the Bank of England's exchange rate index, seems much less likely to result in higher UK bank base rates than when the previous record was touched early last year.
Dealers talk of another sterling crisis, but last time this was based on the pound's weakness against the dollar and this time

cutting interest rates, much to the annoyance of their EMS partners and the US. But London's financial markets based on the pound's weakness against the dollar and this time it reflects the decline against the D-Mark. To some extent sterling has been weak, but last week's fall was to a large extent the result of strong demand for the D-Mark, because the West German economy looks strong and the authorities refuse to chance refuelling infiation by

But London's financial markets were not thinking in these were not thinking in the were not thinking in the were

WEEKLY CHANGE IN WORLD INTEREST RATES

to 14 days, band 2 bills 15 to 33 days, 4 bills 64 to 91 days. Rense quoted repre-ing rates with the money market. In other

MONEY RATES

The state of the s

Sept. 19	Ov'r-nig't	One Month	Two Months	Three Months	Six Months	lowba
Frankfurt	4,55-4.65	4,45-4.55	4.45-4.66	4,45-4,55	4,50-4,60	5.5
Paris	. 716	719-714	74-74	718-714	718-714	7
Zurich-	79-249	14449	i —	4 <u>3 48</u>	: -	
Amsterdam	0.00	J. Control	j —	64-54	J 	. –
Tokyo		104-11	! -	1.70125	_	_
Milan		7171	i =	7 1 7 1		=
Brussia	958-956	97g-101g	10%-10%	1054-107	1110-1160	=

Midland Bank helped restore calm on Friday morning, and as a large supplier of funds preven-ted too sharp a rise in interbank rates. At the same time the Bank of England took out virtually all the underlying credit shortage by buying bills at unchanged

rates, in an early round of mon market intervention, reinforci the present yield structure.

100x

BANK OF ENGLAND TREASURY BILL TENDER £97,59 £97,60

FT LONDON INTERBANK FIXING (11,00 a.m. September 19) Offer 6 4 reference beaks at 11 am ones Westmin-day. The banks are Mational Westmin-aner Bank, Bank of Tokyo, Dentsohe Bank, Banque Nationals da Paris and Morgan Gustanty Trust.

LONDON MONEY RATES

6-94 8-956 9-016

Previous day's open Interest: Calle 1,750, Patr. Previous day's open Interest: Calle 13,673, LIFFE £/S OPTIONS £25,000 (cents per £1) Treasury Secretary, that the dol-lar must fall further to reduce the US trade deficit unless mea-sures were taken to promote growth abroad. movement than most other major currencies this year against the dollar, and the pound remained in line with the dollar last week. This meant a sharp fall against the D-Mark to below DM 3.00 for the first LIFFE EURODOLLAR OPTIONS Sim points of 100% Oil prices turned upwards to-wards the end of the week after a mid-week slide, while high North Sea oil production in July was a major factor behind the much larger than expected rise of 3.4 per cent in July in-dustrial production. The market appeared to take more notice of the larger than forecast rise of £1.8bn in the August UK public sector borrowing requirement, fearing that lower oil revenue means higher Government bor-rowing. Closs 93-24 92-18 91-19 90-19 89-22 88-02 87-12 86-07 85-24 The main reason for the pound's weakness was that stering remained in line with the depressed dollar. The exchange rate index of 69.4 on Thursday was the lowest ever, and compares with a previous record low of 70.2 on February 28, 1985, when the pound fell to an all time low of \$1.0525. The reaction then was to put up London interest rates, but a similar move seems much less likely at present, with sterling at \$1.4760. Dec 1.5220 1.5340 1.57.07 1.55 March 1.6530 — 1.67 Estimated volume 1.024 (771) revicus day's open int. 2,116 (2,088) US TREASURY BONDS \$100,000 32nds of 100% Low Prev 94.22 94.25 — 94.11 Hick 94.24 Close High Low Pre
Sept 97-58 — 97-58
Dec 97-55 98-08 98-00 97-5
March 97-56 — 97-5
Estimated volume 51 (12)
Previous day's open int. 1,388 (1,399) CHICAGO **CURRENCY FUTURES** POUND - \$ (FOREIGN EXCHANGE)

EXCHANGE CROSS RATES \$ | DM | YEN | FFr. | SFr. | H FL' | Lina | OS | B Fr. 1.476 2.940 224.8 2.630 2.378 3.323 2033 2,050 61.05 1. 1,992 152.4 6.520 1.611 2.261 1377. 1,389 41,36 76.48 3.276 0.809 1.130 691.3 0.697 20.77 1000 42.88 10.68 14.78 9043 9.121 271.6 DM 1.038 1.533 3.053 0.421 0.621 1.237 253.4 10. 2,469 3,450 2111, 2,199 63,40 94,53 4,050 1, 1,596 854.9 0,862 25.68 C\$ 0.488 0.780 1.434 109.6 4.686 1.160 1.521 991.5 1. 29.78 B Fr. 1.638 2.419 4.816 368.1 15.77 3.884 5.442 3339 3.386 100.0

GRANVILLE Granville & Co. Limited 8 Lovat Lane London EC3R 88P 4,462 Frederick Parker Group
George Biatr
Ind. Precision Caetings
Isle Group
Jekson Group
Jenes Burrough
James Burrough
John Howard Group
Menthouse RV
Record Ridgway Ord...
Record Ridgway Ord...
Record Ridgway Ord...
Scruttons "A"
Torday and Carliste
Trevian Holdings
Unitock Holdings
Welter Alexander
W. S. Yestes 7.1 7.5 9.4 11.6 4.8 11.7 8.8 11.7 8.8 11.7 8.9

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EUROPEAN COAL AND STEEL COMMUNITY £20,000,000 131/1/8 BONDS 1988 IS HEREBY GNFN thus parament to Condition 4(b) of the Bonds, Saropean Coal and parametry last elected to reducer on October 23, 1986 (the "Redemption Decs") all of its ag IRAS Bonds due 1988 (the "Bonds") at 1004%. On and sizer the Redemption Date, in the Bonds will cause to score. The value of exit Bonds is £1,00550, will be made upon surrender of the Bonds together with all coupons testing after the I for redemption, at the offices of the Paying Agents as shown on the Bonds, due October 23, 1986 should be described and presented for payment in the usual manner. September 22, 1986, London By Otdhank, N.A. (CSSI Dapt.), London Principal Paying Agent

New Issue

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SEPTEMBER 1986



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FINANCIAL TIMES SURVEY

Computer Software and Services

The current slowdown in the multi-million dollar computer software industry is only temporary, according to analysts. They point out that it still remains one of the healthiest and most vibrant of today's business sectors.

A market in transition

THE ICONOCLASTS of "The computer software and the crown of the independent of the indepen the computing services services industry is 25 years business have had a old. In that time, it has evolved year of field days as one accepted belief: after enother has nerved false. The application of the packaged "Wall Street fell in and out of love with this industry in the soundest of markets. Shivered and flattened out. How American software executives at the fifth world computives at the fifth world computives arvices industry congress the same services industry congress. another has proved false. North American sortware execu-tives at the fifth world comput-ing services industry congress last year were describing the change as "the industry slow

 For the first time, a European software house, the French com-pany
 CAP-Gemini-Sogeti, d it could hold its own in the US with the big US services

/est/3

 The Japanese software industry gathered momentum, giving the lie to the idea that the Japanese as a race are not up to writing high quality software. They have been hampered by lack of computer terminals able to handle Japanese characters and by transitional seft. experience in international soft-ware development methods but for a single company to carry they are recovering from both out specific applications (cus-these hindrances with remark-tom or bespoke) or it can experience in international soft.

 The notion that customers had an infinite capacity to absorb microcomputer seriware Curt Monash of the New York ockbroker Paine Webber set

By ALAN CANE

of 1985: slowing growth rates, earnings disappointments and even company bankruptcies, but still one of the healthiest and vibrant

services business both so complex and so interesting is the variety of kinds of activity it

be written to a general speci-fication to carry out the same application in a number of com-panies provided they are prepared to mould their company's

US software industry. The leaders include com panies like Management Science America (MSA) and McCormatk

The dramatic influence the advent of the microcomputer has had on the software industry is illustrated by the fact that the overall leader is now Lotus Development Corporation less than five years old. tion, less than five years old, which made its name and fortune through the developing and marketing of the first inte-grated spreadsheet package for computers.

It is this business which is now slowing. Mr John Ockenden, president of the UK Computchases.

puting Services Association, noted recently: "The software products market is not now fusion among customers spoilt: Europe, but it growing at the high rates it for choice with many packages slowest growing. experienced in the early 1980s:
(from) a comparatively low
base and that market is
expected to grow by only 20
per cent a year in the future.

"Many of the American sort-ware product companies are in difficulties and further resist-ance to the use of packages is expected in what they are des-cribing as the industry slow-down." The first signs of a similar decline in the growth of the package market is now being defected in Europe.



• Software application in the City: the equities dealing room at stockbrokers Phillips and Drew, where Data General's Hydra financial information management system is installed.

Other reasons include con-business in the US and in fusion among customers spoilt Europe, but it is now the on offer from many vendors, fears that some highly priced packages are not as reliable as they might be and long installalarger, more complex products. Input says: "As these nega-

tive forces wane, the market will continue its healthy The second field of impor-tance in computing services is

their own computers to com-panies who perhaps do not want to run their own data processing

restricting software product Bureaux processing has almate through to 1990, Input ways been the strongest elesays it expects the processing/ment of the computing services network services market to

According to Input, the US processing and network services market grew by only 14 per cent in 1985 to reach

this market are beginning to experience difficulty in keeping up with the growth of other areas in the information services industry."

It says the market was aided by growth in four industrial sectors—banking and finance (18 per cent), discrete manufacturing (17 per cent) medical services (15 per cent) and on-

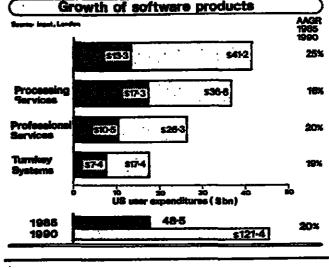
grow at an average of 16 per cent to 1990, while the infor-mation services market as a

annually.

In Europe, processing services are expected to grow at only 10 per cent annual average growth to 1990 while integrated sys-tems and professional services may grow at up to 22 per cent annually.

Integrated systems is a third major area of computing services. It includes computer aided design and manufacture, small to medium sized business systems and specialist niche markets. In each of these areas, provide naruwate make ware as a complete package.

Professional services, which can be taken to include cus-



IN THIS SURVEY

UK software industry

Turnkey projects Micro-mainframe links Consultancy services

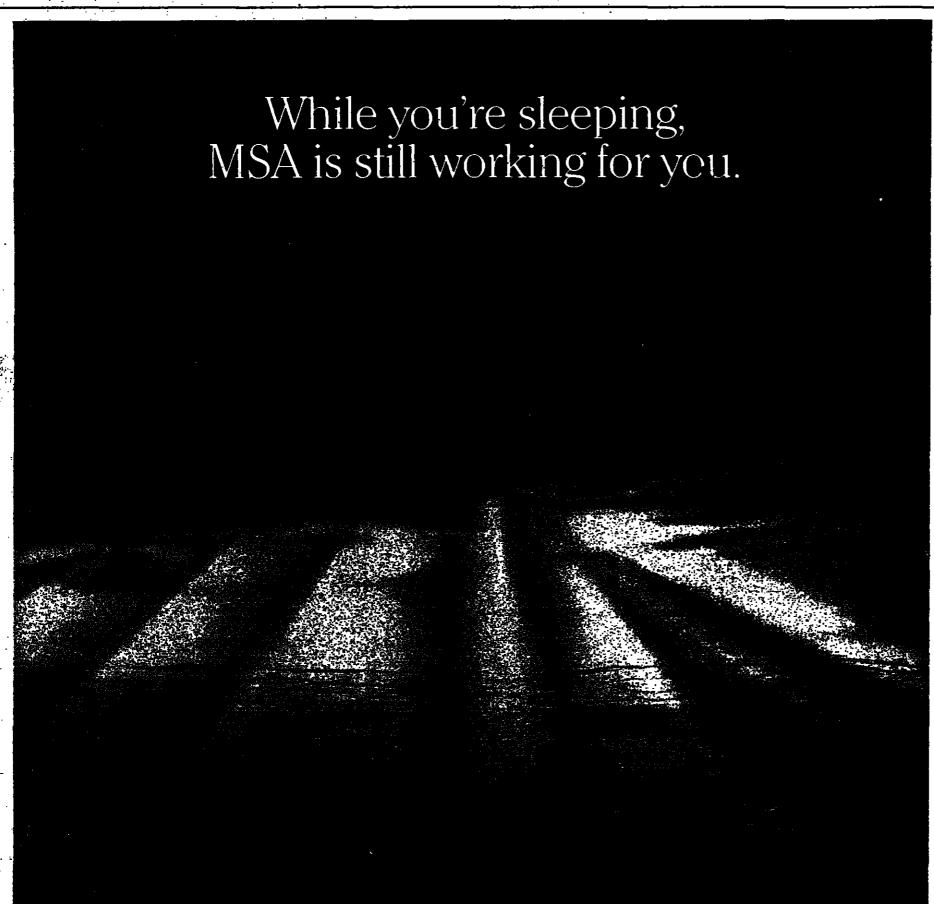
One reason for this is a new determination on the part of commercial companies to have

the extra cost of a bespoke pro-gram over a package is of little importance. New techever, to produce programs which give the impression of being custom-written while in

automatic program generator to develop quickly a version of a full-scale program to test whether it is what the user

strung together in novel ways to create complete systems. Such methods make it possible to develop bespoke soft-ware at little more expense than the cost of a package. There should be no shortage of cusmers, According to the consultancy IDC Europa: "Demand for bespoke software from those cations over and above existing products will continue to be strong, and, with a predicted average annual growth rate of 22 per cent, this sector will be worth approximately \$14.3hn in Europe in 1991."

These are methods in European software houses have been becoming expert, while the Americans have concentrated on mass sales of packages. They are now the Europeans' best weapon in their efforts to take on the Americans on their exercised.



ith offices throughout the world. development work at MSA never stops. Around the clock, we are supporting and enhancing our packages to keep them at the forefront of computer technology. In fact, we consistently invest some 20% of our turnover in research and development, compared to an industry average of less than 8%.

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Leading computing services companies in Europe

UK Software Industry

Pressure on profits despite buoyancy

THE UK computer software and past several years and, accords says an increased number services industry is confused. ing to figures from market recompanies have reported while the overall market it searcher international Data decline in profits.

The industry has expanded quickly, bringing in new companies from many different backgrounds. Hardware manusubpliers and management con-sultants have joined the tradi-tional software "houses" and 20 per cent a year.

The CSA speaks for the broad

a slice of the market.
In June of this year, a government-sponsored report from the advisory council for applied research and development (Acard) heavily criticised the UK industry for not being competitive and predicted a vast trade deficit in software by the middle of the 1990s. This remiddle of the 1990s. This re-port has been the subject of a heated debate about the real state of the industry's health, with many leading software companies rejecting its conclu-

The UK software and services industry has growth by over 20 per cent a year for the quarterly trends and Eyeions

serves continues to show Corporation (IDC), grew by 23 healthy growth, competition per cent in 1985. IDC values both from home and abroad is the 1985 market at L2,041m. year the figures was 22 per cen while the second quarter show strong. Furthermore, growth is In the tenth annual survey of not uniform, making it hard for companies to decide which areas to invest in,

The industry has expanded tion and published at the same quickly, bringing in new companies from many different Dong Eyelons of the UK Companies. Accordation puts. 35 per cent. There could be high figure," says Mr Eyelons

puter Services Association (CSA), which participated in

range of companies that fall under the heading "software and services" in the UK. This includes large-scale computer network suppliers such as IBM and ADP. It includes consultants like Arthur Andersen software developers such as Logica and CAP and product suppliers such as management science of America and Micro

also points out that two-thirds of the UK service industry is

still reporting increased profit

The result is that some pack-

age producers have moved towards providing services with their products. This has long been the style of software com-panies supplying the mainframe

and minicomputer market. Now it is spreading to the personal

Both Lotus and Ashion-Tate have recently beefed up their

at the same time have intro-duced separate charges for support. Others have followed. This is liable to lead to even greater confusion in the ser-vices market as market con-

vices market, as package com-panies begin to compete with

of Hoskyns, one of the largest established services suppliers in

the UK and, like many software companies, US-owned. Hoskyns.

raditional service suppliers. "It is a very confusing pic-ture at the moment," says Mr Jeff Unwin, managing director

Focus.

"The industry is still very buoyant. But there is evidence of a pressure on profits," says Mr Eyelons.

UK-software and services Market values, 1985

	\$111	£m	Share %				
Packaged Software							
Hardware manufacturers	601	468	· 23				
System houses	166	129	6				
Independent vendors	316	246	12				
Sub-total	1,083	844	41				
Custom Software/Consultancy							
Hardware manufacturers	128	100					
System houses	176	137	7				
Independent vendors	426	332	16				
Sup-total	738	569	28				
Training	126	98	5_				
O Processing services	-						
Local batch	172	134	¹ 7				
Remote problem solving	184	143	7				
Remote autotransaction	286	223	11				
Sub-total	642	596	25				
• Facilities management	- 29	39	1				
O Total	2,629	2,841	199				
\$ Exchange rate =	\$ Exchange rate = 0.779						

Common interest groups* and companies with a minimum of 50% captive revenue

r	ratita	•	S	•		-			West European	West	
Ų	rotits	Company	Country of origin	Ownership	PA	CC CC	Sary TU	Acus Pit	Revenue (1)	Revenue (2)	Worldwide Revenue
	ancy	Finsiel EDS Kommunedata* Datacentralen* Kommunedata* Enidata	Italy US Denmark Denmark Norway Italy	IRI/Banca d'Italia General Motors Local Government Independent Local Government	†	† † †	†	++++	171.1 132.6 69.1 64.2 64.1	171.1 198.4 71.2 64.2 64.1	173.0 3,444.0 71.2 64.2 75.8
, -	. •	lstel IDA*	UK Norway	Controlled by ENI British Leyland Banks	t	†	t	†	61.2 59.7 54.8	62.3 63.5 54.8	68.8 62.5 54.8
1- 2- 3- 5	says an increased number of companies have reported a decline in profits, "In the first quarter of this year the figures was 22 per cent,	Spadab Kommundata* Fellesdata* VTKK Skep*	Sweden Sweden Norway Finland Finland	Saving: Banks Local Government Saving: Bank Government Finnish Saving: Bank	Ť	†	†	† † † † †	49.0 47.9 36.9 34.2 22.2	52.1 47.9 36.9 43.1 22.3	68.5 62.2 37.7 43.1 32.3
ida	while the second quarter shows 35 per cent. There could be a seasonal factor to take into account. Nevertheless, it is a high figure," says Mr Eyelons.	Sparekamernes Datacenter* Fiducia Compower Telekurs	Denmark WG UK Switzerland	Savings Bank Regional Banks National Coal Board Banks	+	† †		† † †	31.6 30.6 30.0 30.0	31,6 30.6 30.0 ,30.0	35.2 20.6 23.1 30.6
	He argues that, given the con- tinuing increase in revenues, this is not necessarily a sign of ill-health. Reduced profits could merely be a result of	Cerved SpA Dafa Landbrugets* Lantbruksdata* Primdata Vestdata*	Italy Sweden Denmark Sweden Sweden Nerway	Chambers of Commerce Government Agricultural Co-op Agricultural Co-op Swedish Steel Banks	†	† † †	† +	† † † † † †	27.5 21.5 21.2 20.5 18.5 18.3	27.5 21.5 22.1 20.5 18.5 18.3	27.5 21.5 22.1 24.9 18.5 18.3
Ē i	expansion. The industry has been active both in terms of acquisitions and in raising capital through share offerings	Datament	Netherlands Italy	Nedertandse Speorwegen Montedison Group	† †	†	t	Ť	17.3 17.3	17.3 17.2	21.7 17.2
i e s	in the last year. Mr Eyelons also points out that two-thirds	activities.	Revenue (hardware related revenues, 2) includes turnkey hardw	21e (eler	ug nen		e derive The wor		

Note: Revenue (1) excludes hardware related revenues, including these derived from turnley activities. Revenue (2) includes turnkey hardware elements. The worldwide revenue figure represents actual revenues, with nothing excluded.

profit are likely to be working in specific areas such as consultancy services or value-added networks. The market for the more identifiable produce of the software industry the software than the 23 per cent last year," he goes on. Mr Unwin says that the crisis that has hit the hardware manufacturers will hit the software and services sector in software industry, the software Mr Eyelons says that the soft-ware package market is still

software and services sector in the next year. He points to IBM's and DEC's recent actions as examples of companies facing up to the squeeze.
"IBM is retiring people early for the first time for years. And earlier this year, DEC slashed its discounts to original equip-ment manufacturers." ment manufacturers.

ment manufacturers."

Mr Unwin suggests that much of the confusion in the UK software and services industry is the result of the structural changes that have taken place since the beginning of the 1980s.

The cost of supporting a system with software and people has grown more important as hardware prices have fallen. It is now common for software and services to cost as much if not more than the hardware it is to more than the hardware it is to work with.

work with.

The falling price of hardware has also reduced the herdware manufacturer's profit margins. They are increasingly looking to the software and services sector for revenues. This has led to hardware manufacturers conting software companies to build software. It has also caused hardware suppliers to take software much more seriously. The

Unix software.
"The name of the game is to provide solutions to user's prob-lems," says Mr Eyeions. "The successful software company cannot just sell software. It must be part of a problem-solv-ing package."

Datasolve, the services sub-

sidiary of Thorn-EMI, has just completed a radical restructuring to do just this. Mr Paul Wyman of Datasolve says that service companies must be able to offer a broad-based service. "We went out into the soft-ware market and bought up the best packages we could find. We now offer them to our customers through our networking ser-vices with support to tailor them to fit the user," he explains.

"The market is asking for more features in software and more features in software and users are seeing the outside bureau as an option again."

Datasolve's background has been in providing computer time-sharing services. Now it too has entered the software market and is selling its service on the back of established software products from both within and outside the ThornEMI. and outside the

Mr Unwin of Hoskyns echoes Wyman's view about broad-based service. "Users are being forced to buy more and more software and services from out-side their companies because of the shortage of skilled soft-ware people. A company must

have a broad base to meet the demands of this market." He notes that one large sec-tor of the market is under is losing many of its best people to lucrative jobs in industry. This, in turn, is forcing the Government to buy skill in from the private services sector, he

the private services sector, he says.

Mr Eyeions adds that the CSA is lobbying hard to increase this trend on the grounds that it fits in with current Government strategy to push more services into the private sector. The CSA has suggested that data processing services should be added to a list of services that should move into the private sector in the current green vate sector in the current green paper on local government. The legislation will come into effect

legislation will come into effect next year.

"There were five categories of service in the original paper, including cleaning, mainten-ance and catering services. We have asked them to add data processing," says Mr Eyeions. This could mean a bonance for the industry as government turns to private industry for software and services. It will bring the UK into line with survive and services. It will bring the UK into line with most other western countries, which have had healthy soft-ware and services industries indirectly supported by their governments for years.

U.S. Market

Sales back on track

WHILE THE US computer industry seems to be mired in a prolonged slump linked to a downturn in capital spending, the computer ser-vices and software sectors e generally healthy and in me cases are enjoying precedented growth.

business, long considered the least glamorous part of the computer industry, has said-denly attained a new promi-nence. The \$10.5bm industry nence. The \$40.500 immustry
that provides advice to computer buyers on which
systems to buy and how to
configure them is expected to
grow at 20 per cent per year
until 1990, becoming one of
the fastest growth sectors of

the computer industry.

US software sales, which slowed last year, will move back on track with 28 percent growth to reach \$17bm this year, US analysts predict.

How can seftware and services sales boom while hardware sales are stumping? The explanation, according to industry analysts, is simple. Computer users are seeking computer "solutions," rather than simply buying more "bezes." Business-users of computers—whether mainframes, minis, or personal computers, are trying to figure out kew to use their computers more efficiently, how best to network computer solutions to new business problems.

ness problems.
Computer-users are going through a period of re-assessment, saggests Mr John Sculley, president of Apple Comley, president of Apple Computer, the company that is particularly preminent in the personal computer sector.

"In the contacts we've been making with business, we find more and more companies are reaching same critical mass with their personal computers. They are now saying, 'We've made all this investment over the past two to three years. the past two to three years, what are we getting from it? We see the slowness in the computer industry being driven by a general re-assessment about the value of the passess of the passes of

The US software industry has not been immune to the computer shump, as sales growth slowed significantly last year from 35 per cent anually to 20 per cent in 1985 but the US software market is getting back on track, analysis say. Sales will climb 28 per cent from \$12bm to \$17bm by the end of the year, they say. year, they say.

The software market will be shared among hardware vendors, who will sell \$8.55bm in software this year, according to International Bata Corp, a US market research

sented a major new oppor-tunity to professional-services providers. Computer sciences, one of the largest computer

services companies in the US,

is on the verge of explosive growth, according to US analysis. After four years of

malysm. After lour years of flat earnings, CSC will earn \$10m on sules of about \$10m in fiscal 1986, up from \$24m income on \$838m revenues in

the past fiscal year, analysts predict.

The growth in computer services has persuaded major hardware and software companies to expand their operations in this sector. IBM has become particularly active in the services field, reorganising

its customer services opera-tions to include systems inte-

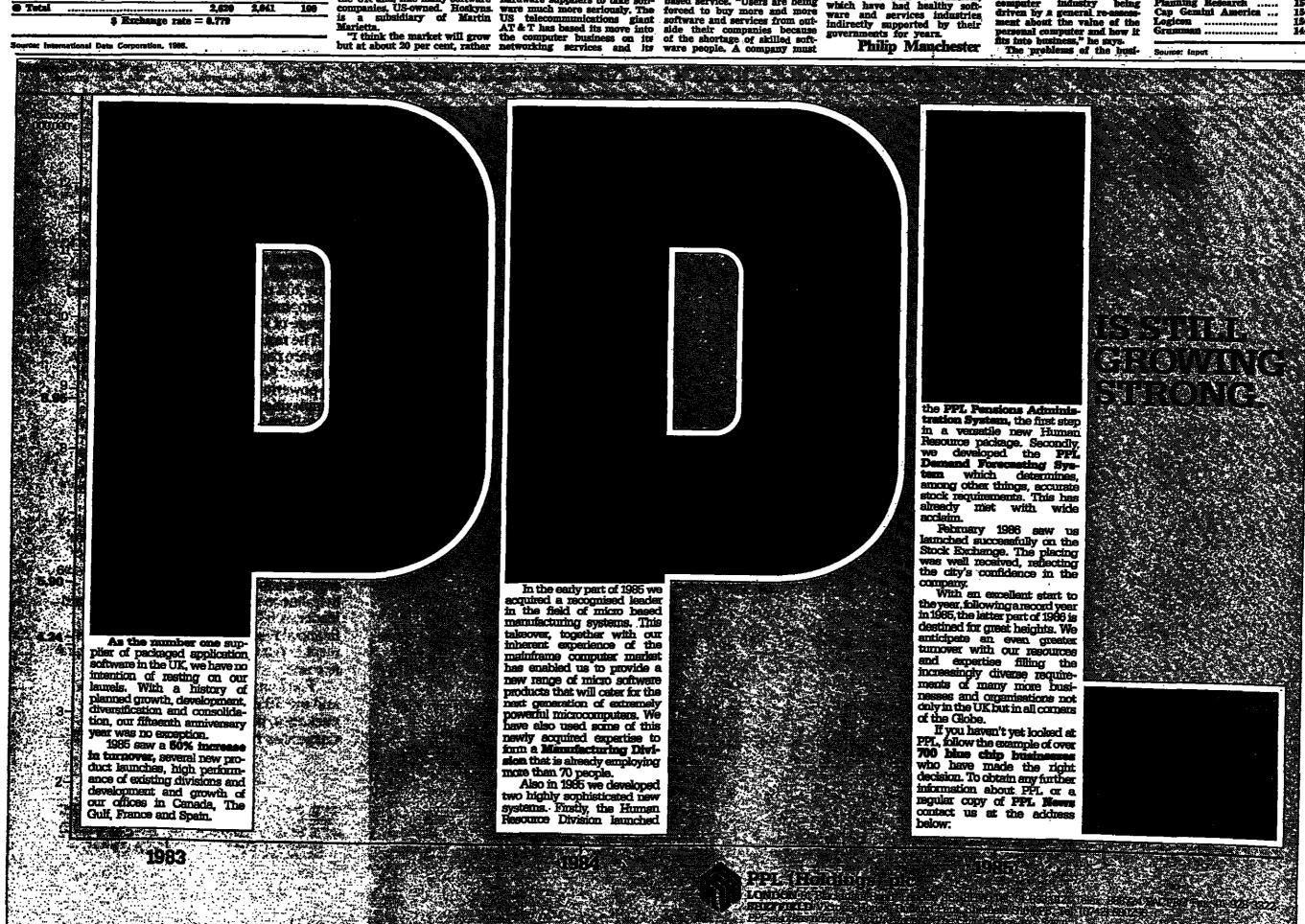
gration and software sales needed to provide "turnkey"

The US software industry

Louise Kehoe

US professional services market

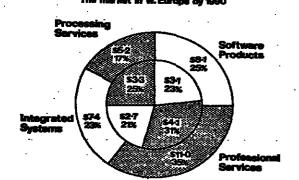
Burroughs
Arthur Andersen
Electronic Data Systems
Peat Marwick Mitchell ... Burroughs Planning Research
Cap Gemini America ...
Logicon



Computer Software 3

European software and se	rvices	market
PACKAGED SOFTWARE	\$m, 1985	% share, 198
Hardware manufacturers	2.892	18
System houses	858	- 6
Independent vendors	1.536	10
Sub-total	5,198	34
CUSTOM SOFTWARE/CONSULTANCE	•	
Hardware manufacturers	621	4
System houses	1.015	7
INCOPERACEL TENGOTS	2.816	18
Sub-tetal	4.453	29
TRAINING	673	. 4
FROCESSING SERVICES	. 0.0	-
Local batch	1 400	
Remote problem solving	1,498 1,428	19 .
Remote autotransaction	1.942	.9
- Sub-total	4.864	13 32
FACILITIES MANAGEMENT		
	172	1
TOTAL	15, 360	196
Source: International Data Corporation, 1986.		

The \$32bn information services market



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TOTAL COMME

C. Company

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Japan's Software Industry

Shortage of programmers

JAPAN'S Ministry of International Trade and Industry (MITI) is to launch an £8.7m (Y2bu) research effort this change, and has responded with

and programmers required is currently growing by 26 per cent-annually, while supply is increasing by around 13 to 17

a key difficulty for Japan's
£6.790n (Yl.561bn) software
industry, but other uncertainties include the promise of AT&T's UNIX as a possible

services sector. programmer-training software architecture, a great change.

wastem now under development

"But Japan's software house system now under development will cover all aspects of computer programming and enable students to work independent students to work

a dismal 15 per cent.

There are around 150 computer schools across Japan with an intake of around 45,000 students per year, a capacity well short of overall requirements.

Characteristics

Japan's software
characterised by its
dependence upon the whims or
a range of individual computer
manufacturers, whose equipment is generally incompatible.
This has resulted in a preponderance of customised software development, and is one
factor behind the typically
small scale of software
business in Japan.
Although MITT's 1986 induswe survey covers 2,556 indussoftware companies,
software companies,
whird of the
software, which will allow the
user to by-pass the programming phase in software development.
Two of NBC's best-selling proare, for example, the
and B-Pius package
are, for example, the
and fir

total number of companies considered to be information service industries. These companies are usually too small to make a measurable impact on industry trends.

Japanese users have in the past seen the provision of customised software by computer manufacturers as the expected inducement in hardware purchases, but the programmer shortage is now necessitating a switch to package software as a means, to meet data processing deadlines. This trend has been supported by sitating a switch to package goftware as a means to meet data processing deadlines. This trend has been supported by language barriers to be a major the increasing acceptance of limitation.

MS DOS in the personal commuter anytimestal and a supported by language barriers to be a major limitation.

Japan's database market is

So ft ware compatibility remains far away however in the IRM-dominated mainframe market. The Japanese govern-

(MITI) is to launch an £8.7m infringement case is aaxious for (Y2Dn) research effort this year aimed at producing a software animed at producing a software system for use in training computer programmers.

The project is given urgency by recent MITI predictions that Japan will experience a shortfall of 690,000 software specialists by the end of 1990. The number of software engineers and programmers required is Tron is an effort by Japan's

Tron is an effort by Japan' eight major semiconductor firms, and Tokyo University researchers, to develop an independent operating system

The projects have generated both optimism and uncertainty. systems the shift towards distributed data processing and its attendant boost to the software package market and the increasing influence of the VAN knows whether it will work out, its attendant boost to the software package market and the increasing influence of the VAN knows whether it will work out, its appricase sector. rvices sector.

A MITI spokesman said the architecture to UNIX-oriented

students to work independent of instructors.

MITI is also to look into the development of standardised curriculums for software studies. No such curriculums are interface environment."

An important mustile.

An important question which users face is how the great volume of installed IBM-based curriculums for software studies. No such curriculums exist at present, and the pess rate last year among computer school students taking state programmer examinations was a dismal 15 per cent.

There are around 150 computer schools across Japan with an intake of around different vendors.

An important question which great volume of installed IBM-based custom software is to be accommodated within a UNIX environment. The answer lies parity in the growth of value added network (VAN) and communications services, which specialise in the linkage of the systems of different vendors.

The VAN services sector is however an investment-intensive field, and although at least 10 of the leading software service firms are participating, the majority of companies are continuing to operate along conventional lines.

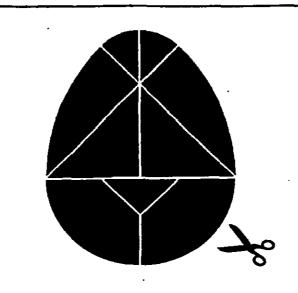
Mr Tamura says that "while software development still shows a healthy growth rate it is easier for small firms to stay in their old-fashioned type of business." The VAN services sector is

It believes that business packages now account for 65 per cent of the market, a dramatic rise from the 34 per cent figure of early 1984, when game softwares predominated.

The institute recommended that increased standardisation of data communication protocols and the relaxation of Government regulations could stimulate transactions could stimulate

Roy Garner

The magic of Nixdorf COMET software



Nixdorf COMET software a single source from which hundreds of business



The ancient Chinese invented an egg-shaped puzzle that -with a little ingenuity-can be turned into hundreds of very different birds.

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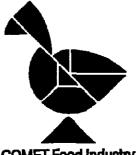
tt helps businessmen to be more creative, more productive because it's so adaptable.

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COMET-Glass Industry



COMET-Meat Wholesalers

COMET-Electrical Wholesalers

COMET-Publishing

COMET-Construction Industry



COMET-Forwarders

 COMET-Printers

COMET-Import/Export

the increasing acceptance of MS DOS in the personal computer environment.

Soft Bank, for example, one of Japan's largest package vendors, expects sales to rise 36 per cent this year to £64.4m (Y14.8bn).

Impration.

Japan's database matket is also ripe for growth. In a recent report, the Japan Economic Research Institute noted that Japan already lags far behind the US in the use and standardisation of databases.

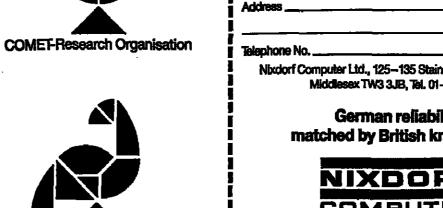


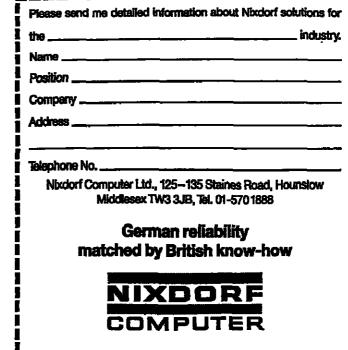
COMETITIMBER Industry











Computer Software 4



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INTERFACE. INTERNATIONAL ... Europe '86

Market growth of computer services							
				1984-85			
Country	1984	1985	%	dollar			
	(\$m) *	(\$m)	growth	devaluation			
Belgium	445	536	26	9.966			
Denmark	426	494	18	9.973			
Finland	316	377	19	6.964			
France Germany Greece	2,841 2,249 8	2,768 10	29 23 28	0.967 0.961 0.816			
ireland	81	101	23	0.978			
Italy	1,286	1,582	24	0.915			
Netherlands	777	948	22	0.959			
Nerway Pertugal Spain	373	438	17	0.945			
	34	42	26	0.863			
	353	444	26	0.944			
Sweden	504	674	20	0.957			
Switzerland	504	611	21	0.950			
Turkey	11	13	24	0.696			
UK	2,128	2,630	23	0.958			
	239	293	23	0.961			
EUROPE * The 1884 merket data has been allow growth comparisons.	12,629 restated	15,300 at the 1985	23 dollar exc	hange rate to			



The international financial sector demands increasingly sophisticated software systems: above: part of the foreign dealing room at Morgan Guaranty, London

French Software Companies

Setting the pace in Europe

FRENCH SOFTWARE com-financial expertise as well as in panies are starting to come out their basic trade of computer Europe. of their shell. The largest companies in Europe in their sector, the cluster of high-performing French groups in computer services are now advancing to the forefront of high technology used increasingly in everyday.

1950s and 1960s, often as spin-offs or subsidiaries of large corporations. For years they remained relatively discreet. But now the teams of highly motivated engineers at their helm are making a name for themselves in marketing and

French SSIIs is Cap Gemini
Sogeti, the European leader in
this field (excluding the software operations of IBM). At the
beginning of this year it took
the landmark step of expanding
deep into US territory by taking
over the consultancy division of
CGA Computer Inc.
Bidding to confirm itself as
the only member of the European software community to
break successfully into the US,
Cap Gemini now makes onethird of its annual FFr Sbn turnover from American operations,

over from American operations, with the rest split evenly

Mr Serge Kampf, the chairman, who has firmly underlined he intends to keep majority shareholding control in spite of the group's stock market launch last year, during the summer un-veiled plans to raise FFr 1bn in new cash on the Paris bourse to back further acquisitions.

Cap Gemini Sogeti has been the biggest but not the only suc-cessful software introduction on to the unlisted stock markets in

to the unlisted stock markets in Paris and on provincial bourses. Nearly a dozen software groups are now quoted — a symbol of the boom in the French capital markets over the past few years — with a number of smaller entrepreneurial companies going public to line up alongside the larger ones.

CEGID. a young Lyons based

accompance the larger ches.

CEGID, a young Lyons based software group which claims to have the highest profits/sales ratio of any French SSII, made a much remarked entry on to the "second marché" or un-listed market in Lyons in June and has signed up a promotional accord with Alain Prost, the champion French Formula One

driver.

The company, specialising in the development of information technology packages for small and medium sized companies, expect to boost turnover to over FFr 150m this year from only FFr 4m in 1983.

software packages for industry, which was founded 35 years ago, cretion this summer to make a to push Sema-Metra increasingly 400-times oversubscribed entry into wider fields away from pure setting with information on to the second marche in

Mr Robert Mallet, the for and chairman, says the flotation was necessary to adapt the FFr 560m turnover company to

FFr 560m turnover company to the faster pace of change in the information technology world.

Many French software groups owe at least part of their growth to government financed technology programmes spread-ing from weapons development and the space and nuclear pro-grammes to the national Mini-tel videotex system. Cap Gemini Sogetl, as well as SESA. tel videotex system. Cap Gemini Sogeti, as well as SESA, part of the Compagnie Generale d'Electricite group, and Steria, whose main shareholder is whose main shareholder is Credit Lyonnais, have all de-veloped expertise as part of the

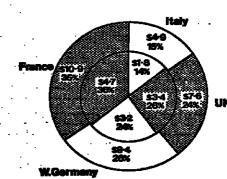
French videotex drive. Now the time has come, how-Now the time has come, however, to turn away from excessive reliance on any form of state patronage. Mr Mallet of CGI believes that, after the initial impetus given to French information technology in the 1960s and 1970s through government projects, the industry has now attained a momentum of its own.

has now attained a momentum of its own.

"Computers have become part of the collective mentality," he says. "Companies are starting to think of their computer systems as part of their patrimony. Working out ways of improving these systems thus becomes integrated into their overall strategies."

Mr Mallet has backed up his hid to so for corporate users bid to go for corporate users by driving full tilt into the competitive US market with CGTs top selling Pachase software package, designed for programming applications across a range of industrial and commercial computer

(France : largest information services sector in Europe



As a further sign of the re-treat from reliance on govern-ment contracts, Sema-Rietra, a ment contracts, Sema-Retra, a software company set up by the Parlbas group in 1959, is bidding to develop a network for value-added information technology services in association with IRM to profit from progressive deregulation of French telecommunications.

It is competing with another

It is competing with another consortium formed by the Suez financial group with Olivetti of Italy and Telesystemes, the software subsidiary of the Direction Generale des Telecommunications, the Firetty cations authority.

Mr Pierre Bonelli, the ex Texas Instruments manager who na-Metra increasingly association with information technology.

SESA is another group which has enlarged its horizons beyond its original close ties with the

French government.

SESA, set up in 1964 by
Jacques Stern, the present head
of the state-owned Bull computer group, based its early growth
on development of the Transpace ter group, based its early growth on development of the Transpac nationwide packet-switching system. This handles nationwide data traffic for business and individual subscribers (including the surging traffic in videotex communications over the Minital network).

Turnkey systems

SESA is another group which French software houses in that 75 per cent of its business is in building turnkey systems such as a command and communications network for the French tactical air force based in Metz, eastern France and a fire-control system for France's short range Pluton nuclear missiles.

Domestic orders have how-ever provided the springboard for SESA to build up important international business — which accounts for about one third of accounts for about one third of its turnover — above all in packet-switching, where networks have now been sold to Australia, Brazil, Luxembourg. New Zezaind, Taiwan, South Korea and China. "We have now become the international standard," says Jacques Avenues the Company of t standard," says Jacque Arnould, the SESA chairman

Artonic, the SESA chairman.
Another software company in
the CGE group, also with broad
management autonomy, is
Generale de Service Informatique (GSI). Its chairman,
Jacques Raiman, says his company has "the culture of a small
business." GSI has built up its

growth in specialised areas, in-cluding videotex systems for the travel and tourism industry, and car dealers and systems for companies' personnel manage-ment. Mr Raiman has taken over as chairman from Mr Edouard Balladur—now the Finance Minister.

GSI, which makes 40 per cent of its turnover abroad has also constructed over the last decade a network of European subsidiaries by taking over companies in Switzerland, West Lest autumn GSI broadened its global spread with an agree-ment with Reynolds & Reynolds, the US car dealer information company, under which the two groups are pooling re worldwide GSI's motor trade division has developed a videotex network, linking IBM per-sonal computers, which supplies computerised information on sales, inventories, spare parts and warranties to 5.000 car dealers in nine European

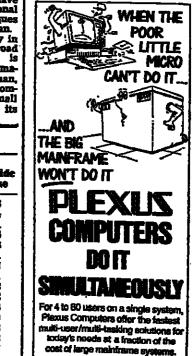
countries.

The link-up creates the world's biggest automobile information service covering a total of 17,000 dealers. GSI has the right to develop and sell the cight express in Furnase with ioint service in Europe, with Reynolds & Reynolds carrying out distribution in the US, Canada, South Africa and New Zealand.

Raiman, a mathematical economist by training, says GSPs
success is based or turning
away from a "do everything"
strategy and "becoming leaders
in Europe in certain fields."
Why have French software
groups prospered while hardware companies, in the main,
have failed?
Raiman offers this clue: "The
Plan Calcul (the government's
computer development strategy,

computer development strategy, formulated during the 1960s) made people interested in com-puters—but put people off from going into large bureaucracies. It created a large pool of talent—and it has been the computer service sector which has profited."

David Marsh



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O Vendors with worldwide	10102302 12 2505	Werldwide
Vendor	Country	reven ue
Cap Gemini Segeti	France	247.3
Scieon International?	UK	143.4
GSL ·	France	129.1
Sema Metra	France	128.6
Datev	West Germany	121.8
CiSi	France	162.1
Sesa	France	96.3
Thern Each	UK	94.1
CCMC	France	90.3
Velmat .	Netherlands	84.3
SG2	France	86.8
Sliges	France	79.9
Logica	UK	67.2
Telesystemes	France	65.3
SDL ·	UK	64.3

Programming Environments

Quality is a critical factor

WORDS ENDING with "ity" panies and government authoriseem to dominate any conversation about programming environments. The password is "life cycle," but from there on, expect the experts to speak of reliability, quality, maintainability, and other such inponderables.

animy, and other such inponderables.

All these are abstract terms which evade a basic dilemma. Programmers see themselves as skilled professionals, whose job is not just to code, but to analyse and interpret: programming, they say, demands skill, experience, flair, and talent. How then, do you impose a "standard environment " of any sort upon something which its proponents see as a creative skill, an " I did it my way" process?

The myshlem is that anything the standard code.

"Methodology" is the key; the word is used to demote a consistent set of rules used throughout the life cycle of the software. All programmers on the team use a common set of tools for dealgn, coding, testing of programs. These are likely to include some sort of automatic titler code generation, or modules of re-usable standard code.

The problem is that the word is used to demote a consistent set of rules used throughout the life cycle of the software. All programmers on the team use a common set of tools for dealgn, coding, testing of programs. These are likely to include some sort of automatic titler code generation, or modules of re-usable standard code.

The problem is the key;

important to leave to individual-ists. This applies especially where organisations are embarked on vast projects which may involve hundreds, or even thousands of program-mers in a number of locations, possibly in different countries. In military, defence, and real-time projects, "quality" is critical for more reasons than cost-efficiency.

tion going on in programming, which demands that the process becomes more productive in quantifiable, measurable terms. "Programming environments" are supposed to give the creative programmer tools, but they also define limits.

Success is yet another abstract, which has no standard measure. "Quality" is wrapped up with "maintainability" and

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process? The problem is that computer programming has become too important to leave to individual where organisations are embarked on vast projects which may involve hundreds, access to modules so that any access to modules so that any changes to code are authorised.

changes to code are authorised.

"This is only a tiny change;
it won't take a moment " is a
dreaded phrase which sums up
the problem. Programmers are
notoriously bad at filling in
forms of any sort. Unlogged,
unrecorded "debugging," in
which new mistakes creep in,
is a major problem, either dealt
with by a product such as Yard
Software's Lifespan, or built in Software's Lifespan, or built in to the programming environ-ment so that all edits are automatically logged.

when a project is directed within a programming environment, productivity goes up, and the software produced increases in quality, including reliability, flexibility, and future maintainability.

measure. "Quality" is wrapped up with "maintainability" and "productivity."

The favourite measuring stick of the industry is Dr Barry Boehm's Constructive Cost Model (COCOMO), a formula which takes over a dozen factors into its calculations on code production. Most estimates set the number of lines of code at day.

The move to provide programming environments has been encouraged by large com-



• Wang "Office" software provides the Sedgwick Group with electronic mail, messaging, directory capabilities, list and time management and word processing. The system also meets the group's data processing needs, and can communicate with the company's mainframes

satellite tools, to an appli-cations generator of the sort

available for personal com-puters and multi-user "distri-buted" machines.

Cullinet's IDMS, ADR's Datacom, Cincom's Supra and Software Ag's Adabas are typical IBM mainframe examples of database environ-

This concept is supported by the "IPSE": Integrated Programming Support Environ-ment. Much of the money pro-vided through the government's Alvey scheme has gone to on a Sun workstation, or £24,000 environments.

building IPSEs, and a Software on a DEC Vax 11/780. In fact, the cations lack the different approaches to common average commercial user is

building IPSEs, and a Software on a DEC Vax 11/780.

That does not mean that the average commercial user is doomed to using patchy, independent of a software approaches to common problems.

Coding is not the most adequate, badly written soft-important stage of a software project, since it is merely the execution of a design. The Structured System Analysis and Design Method which is the defined standard for government projects, recommended by the CCTA (Central Computer and Communications Agency) is just one of many such "models" which provide a framework for design.

Method to using patchy, indeed to

Most large consultancies have their own methodologies such as Arthur Andersen's Design/1 or the Information Engineering approach developed by IBM-database gurn James Martin and now used by Arthur Young. Most companies and software typical houses adopt a recognised methodology such as Learmonth and Burchett, Yourdon, Jack-cations

Dodge have grabbed the IPSE idea and adapted it to make their packages easy to customise and maintain; MSA's Prate mix to each project.

IPSEs do not come cheap.

System Designers Ltd, SDL, and
GEC Software are among the
giants whose IPSEs are to be
released for commercial use.
GEC's GENOS starts at £8,000 "Intelligent Environment" and McCormack and Dodge's "Mil-

In fact, though such appli-



Above: administrative operations carried out on an IBM multifunction terminal.

A consultancy case study: how EDS has taken computer services out of the hands of Unilever, the chemicals giant.

A grand-scale project

THERE IS a point at which Unilever saw the problem of since the early sixties: we "house-keeping" jobs take so co-ordinating international tele-specialise. much time, energy and effort, that it is worth paying someone computing rates as just such a with its own business.

business is far removed from computing have had a variety of approaches to the problem: some had DP departments which grew into independent computer services bureaux.

One such, the chemicals glant Unilever, once sported an off-shoot—Unilever Computer Ser-vices. The company known as this year it was swallowed by the US-based computer services giant EDS as part of Unilever's effort to consolidate its comenort to consolidate its com-munications strategy. In April, 1984, Unilever signed a 10-year contract with EDS for its entire computer facilities manage-ment, including a massive net-

work project costing £2.5m. EDS itself was bought out by General Automation for very similar reasons. GA wanted to "contract out" its computer operations to a specialist, so it acquired the world's biggest.

EDS has been responsible for the building up of GA's long-term strategy, including the MAP Motoring Automation Pro-Claire Gooding tocol, which is formulating the technology rules for an industry-wide standard.

communications as the key to its entire information technoelse to do them. For many logy strategy. It decided to have spun off computing into organisations, particularly dump the entire problem into wholly-owned subsidiaries, the multi-national manufacturers, EDS's capacious lap and get on reason being that you can't

As part of the relationship,
Large companies whose main
business is far removed from
omputing have had a variety
of approaches to the problem:
some had DP departments
which grew into independent
which grew into independent
which grey into independent
which rivals even IBM's rules.

EDS does not like to see itself as a grand-scale consultant, although its activities are a logical extension of the func-tion of consultancies. Many computer consultancies actively implement computer solutions rather than just advising and recommending. EDS sees itself very much as an implementor.

"Consultant is not a term profitable, and increases its we'd use of ourselves," says return on equity," says Fernan-Gary Fernandez, chairman of dez. "It does us little good to EDS's International Division. make a profit if our customers

aim was a private telecommuni-cations network which would connect 200 Unilever sites, across 40 different companies, serving a total of 40,000 staff.

The task was to convert Unilever's private analogue tele-phone network to a digital sys-tem which could handle voice messaging, and handle 35,000 calls per day with almost immediate connection. The network also handles data transmission, and re-routes calls automatic-ally if problems occur on the

a variety of services such as call-back, call-diversion, and call-line identification.

EDS supervises the network business in which the parent centre in London FDS supervises the network from a central network management centre in London, diagnosing and correcting faults, and logging calls so that unilever is able to analyse its network usage and bend it to the needs of individual sites.

EDS insistence that it is a computer expert first and forement might be a double-edged sword. The Unilever experiment has already delivered some results, but the facilities management contract has anagement contract has an

"It's a complex thing to con-"It's a complex thing to control, but there's a competitive advantage in getting it right," says Fernandez. "It takes experience to arrange information, and do it within price constraints. EDS has been working towards the idea of turning data processing from a controller to a profit centre."

Other eight years to run before its effectiveness can be judged. Fernandez is confident other companies will follow EDS's route of supplying entire wall-towall services—"There's a lot to be said for economies of turning data processing from a controller to a profit centre.

Claire Gooding

"In the past there have been few successes when companies focus on your main business and specialise in others. People pay the premium if they get better value from their systems."

Fernandez believes there are two ways of proving the effect of EDS's service. At the prac-tical level, there are specific factors which can be measured: the amount the system is used, how often it breaks down, and other day-to-day considerations. At a higher level EDS can't

"If Unilever becomes more increases its "Typically the result of consultancy is a piece of paper.
We get paid to do things, not advise."

"Typically the result of consultancy is a piece of paper.
The real test is whether Unilever users are happy. The pri-The real test is whether Uni-lever users are happy. The pri-vate telecommunications net-work is the largest such in Europe, and possibly the most sophisticated. Certainly, it is the first time a company of Uni-lever's size has handed such a project to a third party. The system went live in April last system went live in April last year, two months shead of sche-dule, and now Unilever is working towards the long-term aims of electronic mail, data services

access, and voice mailing. The domestic parallel of somebody who "does" for a household is a useful one, since computing can be a very personal activity to a company.

Companies justified their offshoot computer service arms by

management contract has another eight years to run before

accou ages want to be en they grow up.

udging by the choice of a thousand or more

accounting packages, it's obvious that the vast majority are some way from coming of age.

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writing programs. Control struc-tures and checks can be built into a language to prevent programmers from making cer-The US Department of Defense (DoD) set out to create what will probably be the last significant procedural

COMPUTER PROGRAMMING has come a long way in a short time. Only 30 years ago computers were programmed in the computer's own machine code, a complex and tedious process which involved setting each binary digit (or bit), individually. It was only undertaken by bright and clever people. Now it is possible for virtually anyone with the time and the curiosity to "program"

This has been made possible through the use of high-level language compilers, which can translate English-like instructranslate English-like instruc-tions into machine code, The commands that Lotus 1-2-3 users enter to create spread-sheets and analyses are com-parable to a high-level pro-gramming language. Similarly, the instructions issued to a word-processing program like wordstar, can be described as a form of programming. form of programming.

a form of programming.

High-level languages go right back to the beginnings of the computer in dustry. Fortran, a language for scientific and technical applications, was created by the US researcher, John Backus in the 1950s. Cobol, the language used for about two-thirds of the world's data processing systems, has its origins in the early 1960s.

perity 1960s.

Despite the entrenched nature of languages with a heritage like Fortran and Cobol, the search for better languages and better ways of manipulating computers continues. The motivation behind pseudo-languages like Lotus 1-2-3 is to find a way of making computers more accessible to read is to him a way or making computers more accessible to "non-computer people." Some new languages, like the Occam language developed by the UK chip-builder, Inmos, include features to program inmovative hardware.

Inmos devised Occam to pro-gram its "Transputer," a multi-processor computer which processed at the same time.

The motivation in other language design efforts is to create more reliable software.

The motivation in other language which would force programmers to adopt an engineering.

programming language a decade ago. Called Ada, it is designed to correct all of the problems that have been found in other high-level languages.

Specifically, Ada has been designed to produce reliable, failsafe software for crucial military applications, including weapons control systems. These systems are often referred to as "embedded" systems as "embedded" systems because they are required to operate without human inter-

A typical example would be the type of control system used in the proposed European fighter aircraft. The two current prototypes for the Eurofighter, British Aerospace's Experimental Aircraft Programme (EAP) and the French Rafale, reguire their controls to be constantly "trimmed" to keep the aircraft in the air. The EAP uses no less than four computer no less than four computer systems, each backing each

Although the software for the prototype of the EAP was not written in Ada, the Eurofighter project is almost certain to use
it. The European Defence
ministries have agreed to adopt
Ada as a standard language for

projects of this type. The DoD chose to create Ada, rather than adopting an existing language, for a number of

B First, it wanted a language that embodied features that did not exist in any other single language. Ada makes no claims to radical advances in programming technique.
George Romanski, an Ada
expert from the UK's software
company, System's Designers
(SD) describes Ada as "a conservative set of components."
It aims to consolidate tried and

tain types of mistake.

Third, and probably most important, the DoD wanted a language that was free from any political bias. The various any political bias. The various components of the US armed forces each have their own way of building software, using different languages and techniques. If the DoD chose an existing method or language used by one branch of the forces, it risked upsetting the others.

others.

The DoD was also keen to enlist Nato's support in making Ada an international standard for embedded systems. In the same way that the US Army, Navy and Air Force had each development devised their own development methods, each of the European members of Nato have their own established standards, too. own established standards, too.
The UK Ministry of Defence,
for example, uses a language
called Coral as its standard.
The West German Defence
Ministry adopted a language
called Pearl and each of the
other Nato members have their
own pet languages and develop-

ment techniques.

Ada has come in for some severe criticism from programming language experts. Professor Tony Hoare, head of Oxford University's Programming Research Group and the originator of Inmos's Oceam, described Ada as "dangerous" because it did not contain certain critiit did not contain certain criti-cal features. And Professor Edsger Dijkstra, a leading thinker in programming tech-niques has been as critical. But, despite its rough ride, Ada is now a reality. It is being used on real projects and has crussed some syrrorises.

used on real projects and has caused some surprises.

Barry Boehm, chief software engineer of the US defence contractor. TRW, says that most of the furore has died down and the language is being used extensively in the US now.

"We are heginning to see

We are beginning to see Ada have an impact on hard-ware design, too," says Boehm. "TRW does its Ada development on a specially-built com-puter called the R1000. It has been designed by a Cali-Rational."

George Romanski of SD notes that Ada is changing the way programming is done.
"We have found with Ada that the effort has shifted from the coding and testing phase of software development to the design phase. We have to think harder, but coding is cheaper," says Romanski. Romanski also says that more

can be "re-used" in other projects, leading to further, long-term cost savings.

On the negative side, Romanski says that Ada requires much higher levels of skill. This brings us full circle, because the programming skills that appear in be needed for Ada programming are comparable to those that were needed to write those that were needed to write the early machine code pro-

Ada is an important con ent of military computer appli-cations. But it is unlikely to have significant impact in commercial information processing. Boehm says that Ada does not have some of the features that are required for "business data

processing."

He adds that commercial computing is motivated differently to military and aerospace

are also faced with a vast amount of software written in a language which the US DoD devised to solve its administra-tion problems 25 years ago. It is called Cobol.

Cimo spent in-	ral	Ada
Design		70
Cede		10
Linking programs	16	8
Testing	50	20
Searce: System's	. Des	dgmer

Philip Manchester

Case study in programming environments: how Chase Manhattan in the City of London is banking on Adabas and Natural systems.

An integrated approach

of the City, the factors were complicated by the deadline of a planned move to Bournemouth in 1986. The bank also intended to update its major computer systems in a massive operation which would result in a more immediate online service. ("On-line" updates are logged in-

stantly, not in an overnight "batch.") This involved a massive expansion of computer kit; Chase doubled its power with a cluster of IBM 3080 series

mainframes.
Chase Manhattan was faced with the dual task of consoliwith the dual task of consoli-dation and expansion, as new hanking services and products developed. The systems division had to cope with the rapid updating of existing day-to-day systems, but it also had to be sure of meeting less easily defined goals — business plans or new products which signife or new products which simply could not be launched without support from the computing services.

"It's now openly competitive, so we have to react faster " says the head of systems division, Vince Grant. "It's a matter of providing a better service."

The key principle was to create a flexible service that could expand and adapt at will but, as systems manager Dave Mitchell put it. "things move so fast, we were migrating to a moving target."

Chase had decided on a database environment in 1980; Software Ag's Adabas, in which programmers at the bank had considerable experience. Ada-"It's now openly competitive,

considerable experience. Ada-bas supports a fast-development language called Natural, part of a set of tools known as a

"database environment."
Purists would not regard
Adabas or any of its competitors as "programming environ-ments." The database is used as a central resource to create integrated applications sharing

the same data.

In a commercial environment where users are limited to IBM kit, and forced into a lot of expediencies by existing systems, the integrated database environment is as close as they can get to an IPSE. The other factor is the investment already made in holding information on huge mainframe databases.

The systems division at Chase is the largest in the bank, employing 200 of the 1,000 staff in the branch. The computer services at the bank are divided services at the bank are invisor into several systems groups, of about 20 programmers each, which serve the various appli-cations areas of Treasury (dealing room, foreign exchange, borrowing and lending), Trade (producing letters of credit), Securities (dealing with stocks and shares) and Foreign

COMPUTING has moved to the centre of most banking operations, so when a bank makes a strategic decision on a programming environment, it is bound to be a long-term investment.

For Chase Manhattan Bank, at nevert situated in the heart and Natural provided a common comparation of the support.

Exchange, These are in turn and a half days per program.

One benefit was that the teams were able to experiment vary quickly with new systems and largest in the bank and supports.

The system division is the bank and support of the bank and support.

The system division is the bank and support of the bank and support.

The system division is the bank and support.

The bank believes it has become a market leader in the development and a half days per program.

"These days you can't program were able to experiment vary gress the business without the system being ahead of it," he says that the teams were able to experiment vary gress the business without the system being ahead of it, and Natural provided a common complex.

"The job was so complex that
we had to approach it piecemeal. Natural was already there
and doing a good job, and that
meant we could move ahead
more quickly," says Grant.
The bank assessed progress
closely; when the first major
online system went live, pro-

with its

though it is by no means a new system which allows pay-brand-new tool, nor does it use ments to be set up on a distri-the full range of software en-gineering techniques.

The Treasury system connects dealers directly with the main-frame. "No one else does it," says the Treasury systems manager, Nigel Pickering. "Most people who see it say "we'd like that." It's an un-

more quickly," says Grant,
The bank assessed progress closely; when the first major online system went live, productivity figures were impressive. The average program of 600-700 lines went through the entire cycle of design, code and testing to working status in 3.8 days.

In brand new programs, outside the upgrading project, the work output was around four "we'd like that," It's an unsual approach; people said it couldn't be done when we designed it."

He estimates that performance integration of several different areas of operation has made it possible to provide more effective "decision support," so that the dealers themselves can do a greater number of deals, and

seen concrete results from the adoption of an integrated approach to program develop-

"Two years ago we didn't have an online system. Now services have increased tenfold," says Pickering. So, on

fold," says Pickering. So, on the expenses side, have his staff: from two to 20.

According to Grant, software problems have hardly featured in the new systems, due to the quality of code, its stability, and reliability. "It's been a good exercise from the point of view of credibility; we've gone from being the people who can't do anything right to people who can do no wrong."

Claire Gooding

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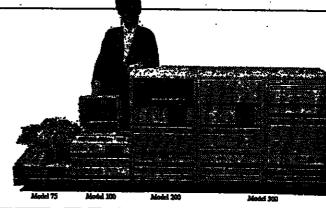
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Relational Database Systems

New contenders enter the marketplace

BEFORE THE days of database, programmes worked only with their own data files.

For example, the data contained in a payroll file would only be available to, and processed by a payroll programme.

essed by, a payroll programme. If payroll figures were needed to produce a report on manufacturing costs, a separate file would have to be created for a manufacturing costs programme, containing duplicated data which had to be kept in step with the original data in the payroll file.

The use of database techniques allows data to be kept independent from programmes, allowing different programmes to score the second programmes. to access, manipulate and un date the same data files, regard-less of the manner in which the data is physically stored. In 1970, Ted Codd an IBM scientist, formulated the concept of a relational database

Codd subsequently left IBM which has only just begun offering a relational database product, DB2 during the course

IBM does not like to force the pace of technological change on its customers. For years, they had become accustomed to working with IBM's hierarchical database management product,

Advance

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The hierarchical database was a significant advance on its fore-runner, the bill-of-materials processor where an item of data or product could be exploded into assemblies, sub-assemblies and so on down to the individual

However, different products may use the same or similar sub-assemblies, and one way found to get around this complication was to use an alternative model called the network model. involving the use of multiple pointers between data elements.

As an alternative to the hierarchical model, the network model is losing favour because as a database grows, so the complexity of the data became

While IBM was pushing IMS, independent third-party soft-ware vendors such as Cincom, Cullinet and Applied Data Research offered their own competitive alternatives to IMS, gradually incorporating relational features into their database management systems

However, to compound the financial fix which Cullinet has found itself in recently, the Company's pseudo-relational IDMS/R has fallen foul of Ted Codd's irritating habit of mov-ing the goalposts for what constitutes a truly relational

Cincom on the other hand, decided to wipe the slate clean and start again with a system designed from the outset as a relational system called Supra despite years of investment and development on a large num-ber of add-on products to its Total DBMS.

When Codd originally formulated the relational model in 1970, there were two basic rules. Last October, he published 12 significant rules in a leading US computer journal.

The following week, in the same journal, he identified a total of 42 rules which must be satisfied in order to measure the relational capabilities of a DBMS that claims to be rela-

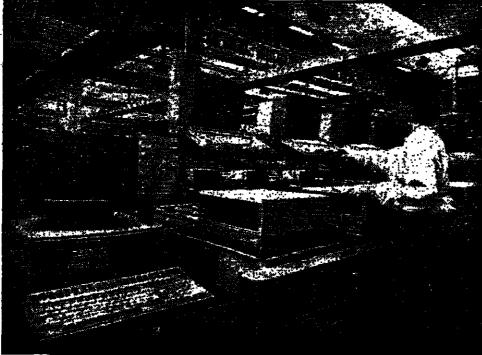
IBM's DB2 scored 23 points out of 42, while ADR's Data-com/DB and Cullinet's IDMS/R only scored five and four points was not included because it had not been amounced at the time. Even on the original 12 rules, ADR and Cullinet scored no

This prompted a rebuttal the week after by Cullinet's John Cullinane, followed by furious correspondence and articles in

rages to this day.

The question is: does it matter if a system is not truly relational? ADR argues that the customer does not really care as long as it does the job.

Cincom believes that it does matter because a truly relational system provides the flevibility. system provides the flexibility to cope with information needs of the future without affecting current systems.



 OLIVETTI, Europe's largest manufac-It includes systems for word processing, database, spreadsheet, business graphics and a number of utility facilities such as a multia number of volacy factions such as a manu-lingual spelling-checker and electronic mail, together with a desk-top system in which all these packages are integrated.

Earlier this year the group launched the

Olitext word processing package, but the Olisoft range will be available in the first

Olivetti elaims 20 per cent of Europe' rsonal computer sales—"we believe we ould be offering the end-user a complete system, from hardware to operating systems and application software. It is this strategy which has given us such success with the M24 computer," says Mr Bob Garrett of British Olivetti.

Pictured above is the Olivetti produc-tion centre at Scarmagno, Italy, where final

The traditional third party the relational database market suppliers of database manage is the Pick operating system, ment systems for IBM main-originally available only on frame computers originally con-McDonnell Douglas (formerly delved their products in the Microdata) minicomputers. days of batch computing. Nowadays more encompassing

functions and reports are

required, as well as the need for integrated systems, demands for real-time information. round-the-clock operations, larger data files, remote com-munications, and data security. These suppliers now face a challenge from newcomers such as Oracle Corporation, Rela-Software, who having moved up from the minicomputer market, have been accustomed to working within this modern environ-ment, albeit on a smaller scale. ICL for one, has recently signed a deal with Relational

rechnology to supply Ingres on ICL hardware worldwide, having previously supplied its own version of IDMS under licence from Cullinet, while IBM supplies Oracle's DBMS under a "private label agreement."

Pick has been available for

some years on Honeywell mini-computers supplied Universal Computers (UCL) and is now supplied by Honeywell itself One argument used by DBMS suppliers whose products do not comply with the relational model is that relational systems

are slow, an argument refuted by Codd who claims that this is merely an excuse for not doing the necessary development the necessary development work because there is no in-herent reason why relational systems should be slower than any other.

The fact is that at this stage, no relational system can cope with the high transaction volumes required for dispens-

ing cash from banking terminals or making aixline reservations from airports dotted around the world. Nic Birtles, Relational Tech-

"There is also a question of data security—people worry about all the information for a company being contained in one large centra." Boris Sedacca

"Ingres is now half the speed of IDMS, but the product is only five years old and dur-ing this time where concentrated on making it reliable,"

"With an average speed im-provement of 40 per cent to 50 per cent a year, we expect to catch up in three or four years, but more significantly, the culture of business is shifting towards local autonomy with

global access to information.

"The rate of increase in transaction volumes is pushing the capabilities of large mainframes to their limits. Also the cost of telecommunications is not decreasing nearly as fast as the cost of computing.

"The general move towards modern distributed data processing makes speed less important, and relational systems are better suited to this type of environment," he adds.

Case study in programming: how Philips' Maestro distributes power for the Guardian Royal Exchange. Claire Gooding reports.

Route to lower costs and higher productivity

GUARDIAN ROYAL Exchange station for programmers. The of hanging Personal Computers faced the same problems when virtue of Maestro, and one of off the mainframe.

evaluating its programming the reasons that Philips adop—

"Maestro had a big impact pany: long lead times for devel-opment projects, too many mands made upon too few

"We were trying to get costs down, and the way to do that was by improving programmer productivity," explains David Lodge, manager of technical support at GRE at its Lytham St Anne headquarters.

GRE is a composite insur-ance company, dealing with all classes of insurance including life, fire, motor and accident. The company is one of the largest IBM sites in the UK, running large IBM-compatible mainframes with distributed IBM 8100 machines using the IMS database management software from IBM.

GRE had introduced "Information Centre" an IBM concept for delivering enduser services, which had some impact. However, the demand for traditional (if more sophisti-cated) data processing systems kept growing, so the applica-tions backlog grew with it.

Rather than recruit more staff, GRE's reaction was to assess its systems. It introduced a programming environment which would fit into its existing systems strategy, but con-centrate on the programmer productivity proble system was Maestro.

The system was Maestro, one of the pioneers of software engineering and productivity tools, developed by German firm Softlab in the early eighties, and sold by Philips Business Systems.

In selecting a programming environment programmer pro-ductivity may be the top priority, but it is by no means the only one. The power of a maintrame cannot always be spared for the intensive process software development. Another important element is control: for systems develop-ment to be effective in the long term, it has to be con-trolled and co-ordinated.

the reasons that Philips adop-ted it, was that it could be used on

Maestro was ahead of its time. Its approach was to distribute programming power presentation of the specifica-on multi-user systems without tion, which was then turned on another host; six years ago it was less common. Massiro used this technique, but on a very specialised work-station, providing a wide range of programming tools. Up to 24 such workstations are sup-

information systems.

High speeds

This is used as a departmental "front end" to whatever main-frame is already in residence. The system works at very high speed—not always the case with development systems—and gives programmers—an impractive programmers an impressive range of tools to develop and test programs, Nick Wenman,

ported by the Philips P7000 minicomputer.

product manager within Philips, sees it as a true IPSE—integrated programming support environment—developed long before the term itself became

"The real key in software de-

"Talking the same language," sums up the principle of TPSEs, sums of the job," he says. The programmers workbench and the coding is a small part of the overall task.

"Often the so-called 'fourth generation' languages don't provide vital word processing services. Maestro pulls all services together, so that clerical and programming staff part of its Case campaign to cut work on the same system. Real "Talking the same language," stums up the principle of TPSEs, Maestro's dedicated micromputer approach is not cheap, or widely accepted (Philips alms it at the top 500 companies).

But a measure of its success it has been specified by the government authority CCTA (Central Computer and Telecommunications Agency) as part of its Case campaign to cut work on the same system. Real work on the same system. Real productivity benefits come when you start managing all those services on a team basis." The integration of all develop-

Massiro broke new ground in its approach to programmer productivity because it concentrated a set of integrated tools on a custom-built work-

ted it, was that it could be used on our word processing as a "front-end" in any exist- capability," says Lodge. "It ing hardware and systems made inroads on the analysis environment, and did not and removed a typing backlog demand that a company abandalmost overnight, because for oned its existing investment in the first time we could annotate diagrams and words."

The Maestro system gave its users in GRE a single-screen on multi-user systems without losing contact with the central mainframe. "Portable" operating systems have recently popularised the technique of developing on one machine and running the completed software mainframe resources by writing its own code for distributing its frame. GRE also saved on its mainframe resources by writing its own code for distributing its editing.

Maestro is expensive, GRE has measured its success more in terms of effectiveness than in straight hardware cost. As a way of putting one terminal on everybody's desk, it is comparatively cheap. GRE estimates 2 20 per cent increase in programmer productivity though this must be set off against hardware costs; even so it reports a net increase of ductivity of 10 per cent.

"There's a very clear pro-cedure right from the initial feasibility study for a system right up to implementation," says Lodge. "We see it as enabling user-departments to react very fast

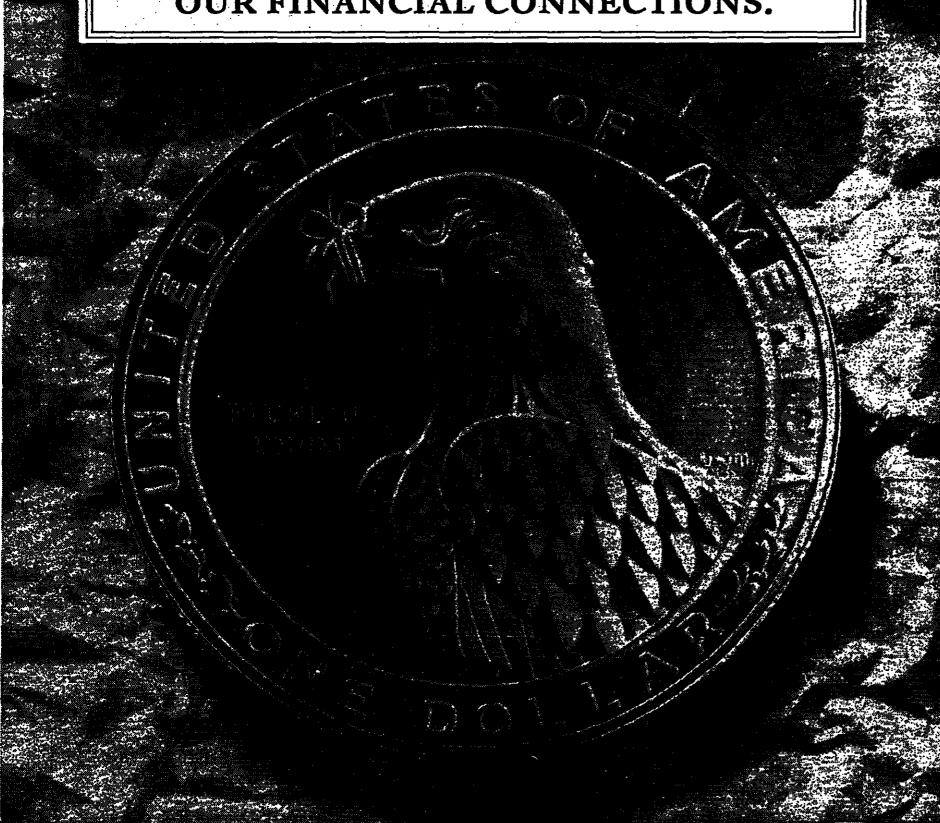
to the ideas for new products presented by our business analysts, because they all talk the same language."

"Talking the same language," sums up the principle of TPSEs,

30 per cent,
It will be used to support the

Government standard system development, SSADM; Case stands for Computer Alded SSADM Environment. The baffling sets of initials do dis-

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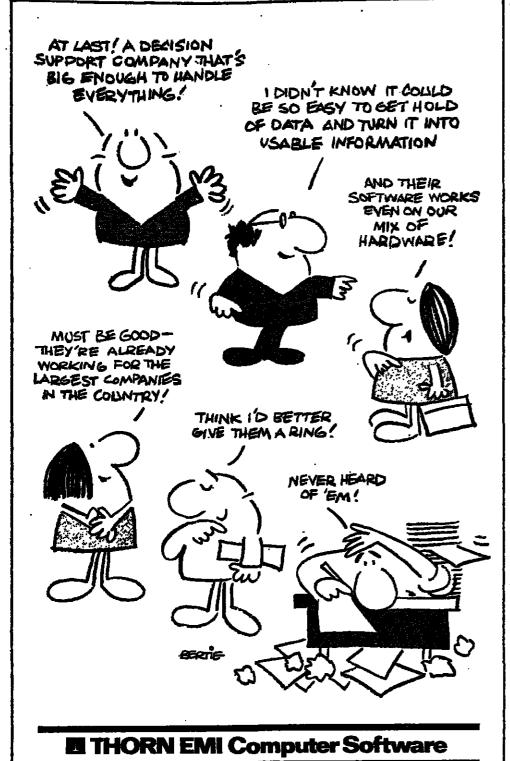
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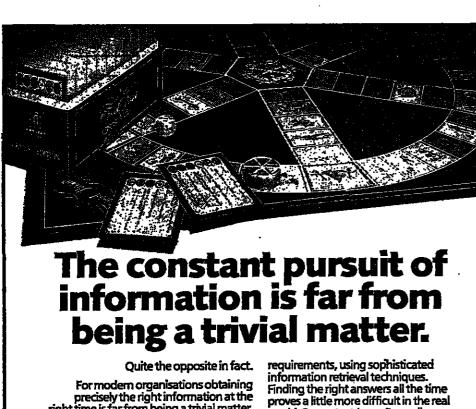
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WITHOUT PROPER advice companies of all sizes are prone to land themselves in problems with computer software, as Cliff Dilloway shows here with a case

In this hypthetical example, he tells how the managing director of a small business made a hasty decision to buy a computer system from an eager computer salesman who said "yes" to all his questions.

THE DIRECTOR of a clothing his order with the computer salesman before the price increase was due — then the salesman asked what, exactly, was the problem facing the stomer who operated a clothing warehouse in East London. The difficulty, apparently, was

warehouse stockes to heef executes that to be repeated with the new season's lines.

Having found the required Only then did the first difficulty garments, they hand-delivered come to light, them to customers in the The program package was

Selecting the right system: first evaluate the major requirements

warehouse, a lot less garments had been invoiced than had been manufacturered, and it was believed that computerisation would solve this problem.

After the computer arrived there was some operational delay as no one had the time The difficulty, apparently, was to set up the full details of that stock records were unreliable—and since these records names and addresses of the customers. By the time this had been sorted out, it was the end of the season and the whole exercise had to be repeated

Dresses came in three lengths but there was no way of indicat-

the computer.

A clever programmer was able to solve the dress length problem at a charge that made it appear that he earned about 15200 pear that he carned about 15200 pears that 15200 £200 per hour. As far as the

interests of good service. There rather old. For dresses, the there were even some in the were also problems with the style, colour and size could be warehouse who thought that the invoicing system. At the end entered, but not the length, new codes were easier to use than the old pre-computer way, but there was no way of indicat-ing the lengths on the record in son, just nine months after the computer was delivered. The message on the screen said "disk full"—and the keyboard

computer was concerned the first digit of the size was a letter indicating the length of a dress. So, a size 14 dress was either A4, a B4 or a C4.

The staff in the warehouse all carried little cards to decode the size and length codes, but on the invoices the clever programmer had been able to make the size and lengths print out correctly. After a few weeks

ment just had time to point out whose fault it all was before he

showroom machine on "free oan." He set up the computer

It was a very slow words were exchanged between

they totted up the losses. There was the computer, the software, vear later the matter was settled

When the system does not work

Routes to resolving disputes

over the specification of what the system will actually do, are more fundamental. For example, is a broad outline being ampie, is a broad outline being widely interpreted by the customer or strictly adhered to by the suppliers? Do they put different meanings to the words? Is the specification and the programming all in one contract? Has the customer supplied efficient test examples. supplied sufficient test examples to express what he wants, in

tial weaknesses that can emerge as flaws in the final

Considerable effort is often needed on everyone's part to needed on everyone's part to get a new system working well. For failing systems, nine months of effort is usually about the crunch date for re-solving the problem. By that time extra hardware has been supplied on "free loan" there

an outside consultant.

The stage is then set for letters between managing directors, "without prejudice" meetings and instructions to solicitors. The issues have to be identified: the hardware and software will be separate elements in the contracts. The hardware is a purchase or lease purchase of goods, but there is not likely to be a sustainable complaint about the goods, as

stopped his lease purchase pay-ments to the finance company

Software is acquired by quick explanation followed by an "I see" from the customer, will usually resolve most problems.

However, problems that arise under the equivalent British

Most computer contracts are on the suppliers' own standard conditions which restrict much of the suppliers' liability. A sound basis in the UK is the

over where the battle will take place. Most UK computer dis-putes are taken to the High Court, but there are other

The Official Referees are also thought of as the natural home of building and construction dis-putes. A computer dispute has a similarity. A concept has been sketched out; a lot more is learnt as the job proceeds and is fleshed out and the complaint is that the job does not lead to the season is one solution. The other solution is to try and the complaint is that the job does not lead to the season where is of the season the season that the season that the season the season

up to its promise.

A great deal of technical detail has to be examined—and expert witnesses abound. In the UK we have yet to see a writ marked "official referse business" for a computer dispute, and perhaps there is not yet enough work for a specialist With computer technical

USERS may expect difficulties so their writ has to be dealt themselves in simple language, with computer systems, therefore the support service to of the computer dispute are little chance of getting through overcome such problems is reached. to choose an Arbitrator wisely

would doubtless prefer not to take on computer disputes. On the other hand, they hear appeals (or, more likely, turn down applications for appeals) from arbitrations, so perhaps they cannot avoid the work? Certainly, in computer copy-ight disputes the hydrogen legislation. The route is to make specific complaints, but that may be difficult in the absence of a clear specification.

The route is to make they cannot avoid the work? Certainly, in computer copying the disputes, the business of a clear specification.

use the commercial court aims to give its customers. That brings us back to what a computer man would call the "default option" of the High model conditions of contract developed by the Institute of Purchasing and Supply (Tel: 0780) 56777. These are the only industry-agreed model conditions worldwide and acceptable of the difference between hardconsiderable cost to the parties, since nothing is left undone for

> recover whatever there is of value in the uncompleted work. But half a computer system is no system at all if those

In the last analysis, a working system really only exists in individuals' heads, so patching individuals' heads, so patching up the system and trying again is really not practical. There needs to be an instant appeal for directions at the first sign of more trouble. Only a technically-qualified arbitrator has the ability and authority—which he may appear need to read. urchase of goods, but there is on likely to be a sustainable detail to be appreciated, the ompliant about the goods, as alternative to the Official Referee is arbitration, muchper trouble, the first sign for directions at the first sign for directions at the first sign of more trouble. Only a technically-qualified arbitrator has the finance company computer experts to explain the may never need to use—to

is more important than merely winning the case, then the US-developed Alternative Dispute Resolution Procedures may be tried—but there is no magic formula in this, beyond getting the parties, as distinct from their lawyers, talking about their lawyers, talking about tice as an expert witness and their case before a knowledge-able chairman.

In Britain, the system of alter-ducts" is published by Gower.

give binding decisions so that the parties work together or pay not been widely used. However, it has a good deal of potential that are the commences. for success because the parties will often compromise between themselves, before trying alter-native procedures.

The writer is in private prac-

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How a microcomputer network keeps the Welsh Office in Cardiff in constant touch with London.

Linking up with Whitehall

A DAILY news and information service compiled at the Welsh Office in Cardiff is keeping with Weish affairs.

The data is edited and conveyed on an Apricot Viewdata system which provides the Secretary of State for Wales, Mr Nicholas Edwards, and several of his colleagues, with round-the-clock access to a comprehen-sive information service.

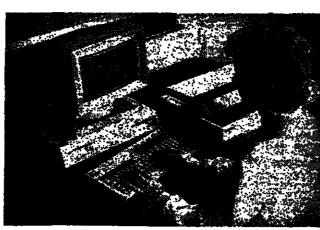
In addition to daily updated news summaries, ministers can review 800 "pages" of Welsh local government statistics and economic surveys at any time. Apricot Viewdata enables Apricot Viewdata enables users to access information stored (and updated) on a central file server from up to 200 remote terminals. Topics can be selected from a main menu and displayed as colour "pages" on the screen, or printed off for circulation.

The heart of the Welsh Office system, supplied by AT Computerworld of Cardiff, is an Apricot XI HD file server, with 20 Mb of integral hard disk torage, and an Apricot Xi FD. These are linked to three Apricot FI personal computer terminals in London and two terminals at the Welsh Office in

All of the Apricot microcomputers communicate via population; rate support grants, integral modems and connect with the central file server through a modem concentrator (16 port multiplexor) supplied with the Apricot Viewdata

Information can be edited and input at the file server or any of the terminals on the system, including dedicated Sony Viewdata terminals in the Welsh Office's press room. To ensure that all statistical

data is consistent, several hundred frames can be edited Apricot Viewdata enables the



Up to 800 pages of information can be displayed on a network of 200 Apricot terminals

relevant frames to be copied, relevant hames to be copied in a revised format back onto the system without the expense of hiring additional frames. As the system is never switched off information can be

accessed from Cardiff or London, day and night, seven days a week.

In addition to the news ser-vice the system holds information on the following: • Local authority statistics -

● Economic surveys—industrial development assistance applica-tions; employment figures; coal and steel production data.

General projections—future topics to be covered included health statistics; public expendi-ture surveys; education and housing statistics.

The complete Apricot View "There really is not a compar-able system," claims AT Com-puter World Cardiff's director, Ian Robertson.

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How one company cut computing costs by 40 per cent

ONE COMPANY which turned to facilities management of computer services five years age was the Relient Motor Company, specialist manufac-turers of sperts cars and three-wheelers. Fermerly, Re-liant maintained its own in-house data processing liant maintained its own in-house data processing department, for accounting and parts control.

According to Reliant's finance director, Mr David Mends: "The decision was really an economic one, based on our supplier, Data Networks' claim to be able to achieve savings of at least 30 per cent on current data preper cent on current data pro-cessing costs." In fact, the changeover at Reliant cut computing costs by 40 per cent. (The initial contract was with Duport Computing,

Networks.).

The key to this level of saving is the back-up provided by facilities management companies, which obviate the need for in-

Bespoke Packages

Tailored to users' needs

Bespoke software, on the other hand was more expensive because it was a one off and, being a unique system for that customer, had to be tested before it could be trusted.

Once a project was fine-bas in the competitive advantage advantage at the unique use of competitive advantage at the unique use of competitive advantage at the unique use of competitive advantage with the built-in methods of rigorous development and their higher productivity Once a project was finished it became a fashion in the softwarehouses to sit down and try to turn it into a package, if there was a big enough potential market for it.

The house of the softwarehouse is a package, if there was a big enough potential market for it.

bespeke business was one thing, but the UK software houses would face defeat at the hands of the US packaged software companies orientated towards marketing

The sector figures seemed to bear this out. Year-by-year the growth of the package market was higher than the growth of the bespoke market

The packages that proved successful came for both sides of the computing activity: for controlling the computer in its internal tasks and for a direct application such as payroll and ledgers. The most successful packages on the market, apart applications that one almost successful point that one almost successful p packages on the market, apart from the ones aimed directly at the ICL user base, all seemed to come from the US supplied by Cullinet, Cincom, the other fast growth that the wave of USpersonal computer Microsoft, from

packages from microsort.
Digital Research and the other
suppliers and the picture
looked grey for the UK software houses without a strong
range of packages. It seemed
as if they would be left with
a classes greatery market where as if they would be left with a slower growing market where skills were at a premium. Two years ago, however, the acceleration of the package software market began to slow.

The market for packaged soft-ware, according to Mr Doug Association, is not growing at the rate many pundits say it

"The 1985 US market expansion is nothing outstanding at all and I am not sure the West European market is expanding as fast as they say," he says.

These concerns about the package market are reflected by many companies whose results recently have been lack lustre. John Mills, managing director of Midlands Software, says: "The large software says: "The large software houses formed in the middle 1960s, the era of batch, have been unable to keep up with the demand by the customers for new functions in the soft-

an interactive database or pro-viding productivity tools for the job of systems development. Another factor that probably slowed the growth of packages was the uniformity of packages.

been saved from the difficult task of becoming expert at product marketing by the advent of the fourth generation language.

Two years ago it looked as if packages would continue to pressure the bespoke software sector, cutting into its margins and its customer base. Packages were inherently cheaper because the cost was spread over a number of customers and they could be relied on more because they had been tried before.

Bespoke software, on the other hand was more expensive

rigorous development and their higher productivity, open the way to programming more unique features into the individual computer system at a lower

there was a big enough potential market for it.

That, however, faced UK software houses with a problem. Instead of the one-to-ona business relationship they were familiar within the bespoke marketing operation to handle the package side. If there was one thing that VK software houses were not going to be able to beat the US vendors on it was marketing stellar and the ability to automate that culture is becoming a reality. Fourth generation languages will also help the software houses were not going to be able to beat the US vendors on it was marketing stellar and winning international skills and winning international skills and winning international stellar and the ability to automate that culture is becoming a reality. Fourth generation languages will also help the software systems have done a lot to build stable cores of systems which are then changed for the parare then changed for the par-ticular contract they have. These cores of systems can, theoretic-ally, now be built up and modified far faster than with the more conventional design

have got to tailor packages to users' needs. Fourth generation languages allow you to do that." Peter Hornsby, chairman of software house Syntek, sava:
"We are shifting across to the existing fourth generation languages and we are enormous productivity in as a result of using them." The next step in the productivity race, the use of more integrated tools, will take long of the cost he said.

The software productivity increases achieved by the besnoke software houses are also available for the package suppliers. Their newer products will be built with such tools, meaning the price can down significantly. As it they will find a larger market expanding the customer bas with cheaper products.

train by the improof the industry has been able to use to its advantage for years. But customers are not used to cheap software, equating the with the quality of the

run on personal com been able to work the virtuous

The database and applications development system Tas Plus written in the US, has been priced at \$69 by its UK distribu or, Newtons Laboratories. The Van Dort, Newton's ma director, claims to have sold 1,500 copies in its first four mouths in the UK.

The advent of such packages has put pressure on the traditional package vendors to improve their products. The features available in many The companies have made features available in many some attempt to try and catch some attempt to try and catch up but, in many cases, are showing the strain, he said. They are still relatively new businesses who have not been able to gain the maturity of management necessary to change sufficiently quickly, he claimed. claimed.

The current demand for software packages is highest for
these three packages is highest for
characteristics and the compatible personal
characteristics. that are based on using computer at the right price.

cost structure than the estab-lished suppliers. Richard Sharpe

Facilities Management

A market with growing potential

New ENTRAPTS owe the past using this bibrring to change generated and proceeding resources for framework potential and the processing resources for the past the processing resources for framework potential and the processing resources and they are proposed in the potential and the processing resources an

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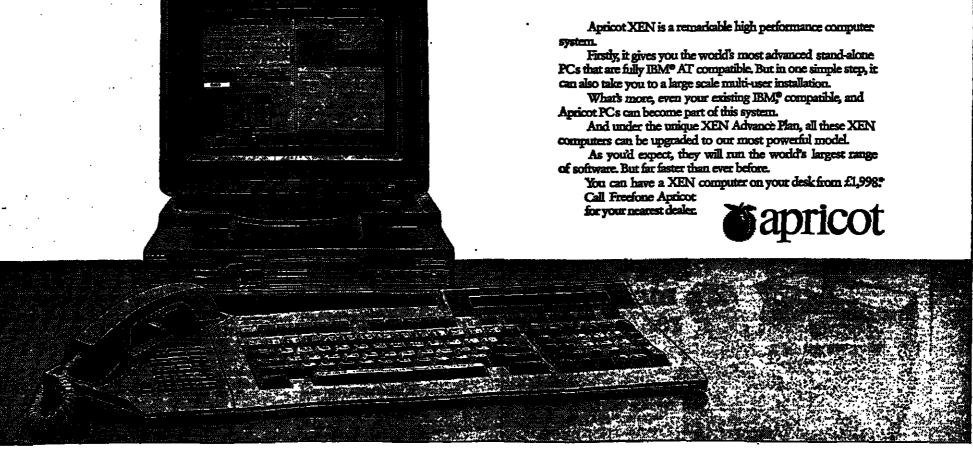
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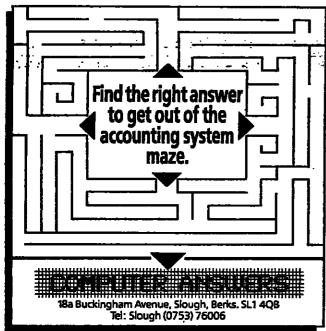
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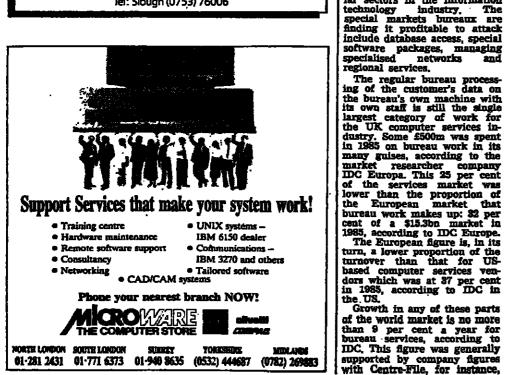
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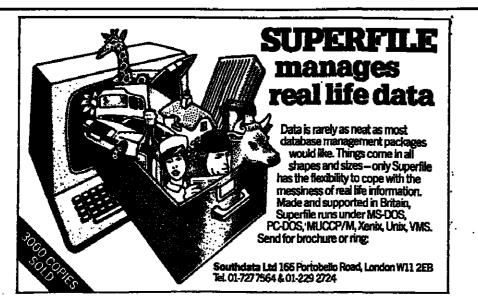


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Data Security

Under threat from many sources

ONE OF the thorniest issues in that the person sitting at a the computer world is that of respected access terminal is data security and integrity. The who he or she claims to be. subject is a complex one which Time and Data Systems, for covers everything from protect-ing a computer system from physical attack, ensuring that a piece of information is trans-mitted correctly to prevention of software piracy.

of software piracy.

In the commercial world, banks have been the most security conscious as regards computer systems. Every day billions of dollars worth of business is carried out electronically over banking networks and electronic types of transactions are likely to grow to review procedures for protecting information relating to banking business.

It has only been relatively

hanking business.

It has only been relatively recently that companies have begun to look closely at the vulnerability of their computer networks to various kinds of

Acomputer system is under threat from many sources. For example, it could be the threat of deliberate physical damage from a disgruntled employee, an accident such as a fire, it could be fraud from any lowes or it be fraud from employees or it could be outside fraudsters attempting to tamper remotely with information stored on the

Protecting a system against such occurrences is a mixture of technology and common sense. The more obvious risks such as damage by fire, if not pre-vented can be lessened. There are now several organisations which offer companies a service where a duplicate standby com-puter system can be activated should the main system fail. Banks and insurance companies are subscribers to such services. A large number of incidents can be prevented by limiting access by personnel to the computer system. Often the movement of computer staff is restricted and monitored by electronic access control were electronic access control sys-tems. Electronic or other types of keys can be programmed to give a particular staff member passage to certain parts of the building.

Indeed, these door entry keys can even be linked into the main computer system to ensure

COMPANIES in the UK com-puter bureaux market are following one of the classic routes to survival in mature

markets: specialisation in order to differentiate product and service from the competition.

This specialisation is ensur-ing the continued healthy growth of the bureau sector of the computing services indus-try, even if that growth is

lower than the more spectacu-lar sectors in the information

who he or she claims to be.
Time and Data Systems, for example, has a system on the market called the TS300 which is designed to prevent the use of computers by unauthorised personnel. It is connected into the RS32 communications line which normally links the ter-minal to the host computer. The VDU is rendered inoperable to all but authorised users

This card is similar in appearance to a normal credit card. However, instead of a magnetic stripe which can be tampered with, the microcard has an infra-red coding system. Only when the card is inserted into the control unit is the VDU activated. For additional scruvity, more than one control unit can be used so that a supervisor and another staff member have to insert micro-

side sources. In general, there are two categories of data pro-tection—encryption and authen-

Coding system

form a way of coding a message before being transmitted so that only a receiver with the correct key can turn the garbled data into its original form. The idea is to prevent people tapping into the system and making use of information being sent over computer net-works or stored on large comdata transmission. As Mr Charlie Repton of Logica FS pointed out, even with a super-cray computer it would be diffi-cult to decode encrypted data

who have been issued with uniquely numbered micromass of apparently random hieroglyphics, Such a technique used to be restricted to large computer systems because of

ards simultaneously to operate a particular terminal.

These physical means of protection are of little use when data is in transit or being interrogated remotely from outside sources. In general, there

Encryption is in its simplest iter system.
Such a technique is ideal for transmission. As Mr

Encryption is rather like a meat grinder because data is chopped and mixed up according to a complex set of permutations. Encryption uses mathematical algorithms to

dard payroll-type application where the standard package is

where the standard package is used to process the customer's data. It involves the preparation of the customer data, the scheduling of machine time, the development of the software package and the delivery of the processed data to the customer on time.

Bureaux made money on this

Bureaux made money on this type of service because they

Specialisation is, however, important for the small bureaux offering payroll and other services, Regional-based companies can be near their customers and support them directly, John Waterhouse, managing director of Comprehen-

aging director of Comprehen-sive Computer Services based in Cleckheaton, West Yorkshire,

have we go, so our ability to compete for business falls off. We won't come south other than

for very specialist applications." This regional accent to the market has been slightly under-

mined by the development of business personal computers.

Smaller bureaux thrived because they offered cheaper computing to smaller companies

around them. This traditional base of bureau work has been eaten into by the business pc.

Many people are buying a black box to solve their business problem when they would have gone to a bureau to solve their

computing problem, says Tom Moore, technical director of CSL Computing Services of

The total cost of solving the

problem is much more than just the cost of the pc, but that is what is weighed in the balance

against the bureau cost, adds Mr Moore — "It is hard trying to show people that they will

have a lower net solution cost going to the bureau," he says.

powerful enough to take advantage of encryption.

The US Government has set the Data Encryption Standard, DES, which is the basis of many commercial encryption systems. Straifors Data Products has recently introduced a British product called PS3, based on

borough has a DES system which is a mixture of hardware and software designed for IBM personal computers and com-patible machines. Called Secure, the £800 system com-prised a special printed circuit board which plugs into the personal computer and associated hardware.

The UK company acquired the licence for the system from the US Government and Winterhalter which developed Secure, Hal Communications has also received authorisation from the British Government's Security group from GCHQ to market the system for banking, commercial and military appli-

cations.
The key or encryption

projecting 10 per cent growth Some bureaux have taken the large mainframe and a software allowing for inflation.

The bread-and-butter of services to overcome the threat functions and carving up the bureau work remains the stan-

frame.
David Stranack, deputy controller of Centre-File, says that his company had shifted 150 pcs as the basis of a turnkey solution to the customer's problem. Becoming a podealer or a turnkey supplier is to pull that business out of the bureau sector: there is still however, a

Centre-File has found another

Centre-File has found another in the processing of the vehicle registration data for the Society of Motor Manufacturers and Traders. CSL in Droitwich has given a special emphasis to providing real time production control computing services to Midland and

time production control compu-ting services to Midland and Welsh border companies. Some specialisations, how-ever, are only open to the largest players who will bave a few months to establish a

market and see who survives in it. These are the database and telecommunications specialisations where the bureau acts as hosts for the database or network for a vertical set of users.

tical set of users.

The whole purpose behind such a service is that it is necessary to go to only one vendor to get the whole service;

the really successful network and database services are those where all the players in a ver-

As a result, split markets with

competing vendors will not work. It is even more difficult

to establish competition where

the patronage of a major insti-tution, like a trade association,

another.

He believes, however, that makes the difference between bureaux will begin to pick up success and leaving the market, business from customers who . It is also expensive to estab-

have tried to go along the pe lish a network, more expensive route on their own and failed. than the old job of buying a

become dealers in pcs and others are basing their services on supplying the customer with a pc linked, by telecommunications, into the bureau's main-frame.

The processing power.

In the main, therefore, only one network can feed a particular set of users, leading to an early battle over territory and the victory of just one supplier.

Mr Stranger of Canada File.

Computer Bureaux Market

Trend towards specialisation

solution to the customer's problem. Becoming a po-dealer or a turnkey supplier is to pull that business out of the bureau sector; there is still, however, a large amount of the market.

Centre-File, for instance, the National Westminster Bank's computer burean subsidiary, projects that it will do £12m worth of payroll business in 1936-87, a hefty proportion of its £44m projected turnover.

Application

Specialisation is, however, important for the small bureaux offering payroll and other services. Regional-based companies can be near their customer's problem. Becoming a po-dealer or a turnkey supplier is to pull that business out of the bureau sector; there is still, however, a lot to be gained by staying in it. It is difficult to make profits out of shifting pcs on their own, hecause of the level of competition, all geared to fighting on price.

"But there is still, however, a competition, all geared to fighting on price.

"But there is a considerable four their processing products and services," says Mr Stranack.

Bureaux are looking for specialist niches in which to figurish, apart from the regional quality they can bring to their customer base. Comprehensive Computer Services ing of mailing list information in association with a list broker. Centre-File has found another the processing of the costs over a number too; there is still, however, a lot to be gained by staying in it. It is difficult to make profits out of shifting pcs on their own, hecause of the level of competition, all geared to fight-ing on price.

"But there is still, however, a lot to be gained by staying in it. It is difficult to make profits out of shifting pcs on their own, hecause of the level of supplier is still, however, a lot to be gained by staying in it. It is difficult to make profits out of shifting pcs on their own, hecause of the level of supplier.

But the costs over a number out of shifting pcs on their own, hecause of the level of own, he

tion requires the same key for coding and decoding. There are also asymmetrical encryption systems where different keys are needed for coding and decoding. These are generally considered to be even more secure than single key systems. personal computers are now

Encryption cannot cover every eventuality. Sometimes fraud-sters want to send information of their own rather than simply listen in on the line. So authentication is also important. Authentication is the means by which data being transmitted product called PS3, based on DES for personal computers. This is a floppy disk-based encryption program, costing or received can be traced from a verifiable source. This would mean in a banking transaction for example, that an electronic payment message might need to

carry the right date, account number, branch identification and come from a nominated terminal and from a user with the correct password. Thus, companies have to set up a number of checks to try and ensure that information puter systems can be traced back to its source—something

intentionally be built into a computer system during the design stage. This is because software running on a large computer will comprise many

code.

It is difficult to check every The key or encryption it is dimedit to check every algorithm is usually a random single; piece of software for number normally up to 56 cominconsistencies though there puter hits long and the most are a few automated programs common form type of encryp, which are available such as

Mr Stranack of Centre-File comments: "The level of invest-

ment to mount these services is very high. You have to wait a long time before you get a return on your investment."

He also says that none of these network and database markets are like the payroll

of room for a whole number of people.
"There is scope in, for in-

"There is scope in, for instance, funds transfer for a number of players—perhaps three to five—but not the hundreds of payroll bureaux you can find," he adds.

If the smaller bureau can not compensate for their size in terms of the financing available to them, they can try to compensate in the support they get from their own computer hardware vendor.

from their own ware vendor. Comprehensive Computer Services runs its services on mrocessors — "our

Honeywell processors — "our business plan is closely tied to Honeywell's," says Mr Waterhouse. "We get help, mostly in

nouse. "We get neip, mostly in terms of resources. Honeywell never is the first with things but it is now moving towards looking to third parties to do a lot of the business."

Many bureaux are also tied into a business from by owner.

into a business group by owner-

continued stream of work for which the competition is minimal. For instance, about a

third of Comprehensive Com-

third of Comprehensive Com-puter Services' business comes from the BBA group. These special relationships and the host of vertical markets that need cheap computing power, all provide a future for a broad range of bureaux. The tradi-tional work is declining only slowly slowly enough to allow

slowly, slowly enough to allow the majority of bureaux to find another role in the bureaux

it is surprisingly resiliant."

While commenting that the old basic marketing philosophy of a range of standard business functions is not as strong as it used to be, Mr Stranack con-cludes: "The principles of using a large centralised mainframe

for a variety of customers still holds good."

Richard Sharpe

husiness

where all the players in a vite tical market have need of the information and collaborate to general business in droves," indeed, adds Mr Waterhouse, "indeed, adds Mr Waterhouse, "indeed, resiliant."

DES (Data Encryption Standard) encryption algorithm is available within the T2000, Cifer's latest terminal (left) which has been designed specifically to be easily customised. This new facility means

• For the first time, the

that data is capable of being both encrypted and decrypted locally within the terminal and cannot be intercepted without dismantling and hence disabling the terminal itself. DES has evolved as the Industry Standard encryption algorithm, mainly because of its effectiveness and simplicity. It is owned and promoted

Malvern and Southampton University which, though time consuming to set up, can look at the various branches within a piece of software and decide overall program. Designers

systems and networks are now trying to build in security and integrity before the system is installed. Previously, security was considered after all other criteria had been taken into

As computers are increasingly linked with others to exchange information between networks, so the likelihood of abuse so the likelihood of abuse become greater. Sometimes the different ways that individual organisations may classify in-formation can lead to sensitive

information which is classified as secret on one computer network being freely available to all users on another network.

Consultancies such as Logica and Admiral Computing find an increasing amount of their business is looking at the vulnerability of computer networks. They have checklists against which to measure system security.

Even today a large amount of computer fraud goes unreported and companies are most at moving at such a pace that con-sultants have to try and guess what types of risks to today computer ssytems will b around in five years' time.

Elaine Williams

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The Future of Turnkey Projects

System wins wider popularity

one supplier to provide every-thing from the software and See landing hardware on a computer system, even to the wires that 1 in Capability connect it all together, has always held a certain attraction for users. Now as computers are put to ever more complex uses, this method of buying computer systems is gaining popularity among both large and mail companies.

There is a great future for the systems are a great future for the systems.

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and without be. There is a great future for the turnkey concept because the turnkey concept because the client wants to get on with his business and leave the information technology (IT) side to the experts," says David Andrews, a partner in management consultancy at Arthur management con-Andersen, management con-sultants. "We're seeing much more of a keenness, particularly on behalf of larger organisa-tions, to have information tech-nology services delivered 'from soup in puts'."

nology services delivered from soup to nuts."

Turnkey projects have traditionally appealed to smaller companies which lacked the time or inclination to become involved in data processing to any great extent. But more and more they are becoming an option when large and sophisticated projects are in question.

Because such jobs require a shows much the same trends. Because such jobs require a broader range of expensive skills than many companies are likely to have on hand, hiring an organisation which has

developed expertise in that area begins to look attractive. "I see larger companies treating their computer depart-ments very competitively. They are very prepared to go out and buy a solution from someone who has done it before." says Malcombe Warne, marketing and planning general manager at systems house, Scioon.

Case study: how Anglian Water has combined operational expertise with computer systems expertise to monitor controls through a turnkey project.

The best of both worlds

WHEN THE Norwich Division of Anglian Water decided to set up a computer system to monitor a variety of measurements; such as water levels, sewage "With turnkey deals you've got treatment and title levels at to decide before you go out to 1,000 sites, it chose to do so tender that a poroach was simple. The basic reasoning behind that approach was simple. Norwich had begun its feasibility study in 1982. By the manager of the Norwich Division "We wanted to take advantage of the latest technology. Our business is water. We're not computer designers We're users."

business is water. We're not computer designers We're need in the area of remote metering, or telemetry, to provide the system. The fact that Anglian Water lacked the staff to take on such a project also played a part in the decision. "It was not a realistic possibility to design the whole system in-house," says Mr Adams. "We could have employed people for the project but what would we do with them now?"

Those considerations alone did not dictate a turnkey, approach. Anglian Water could have hired a consultant and then contracted various parts of the project out to different suppliers. But it rejected that possibility because, says Adams, "We wanted to be able to say you provide the equipment, the software, the radios, the building work. Our dislogue will be with you."

Once it had decided on the overall approach, the Norwich Division prepared a detailed specification of what it wanted the system to do. It was looking for a system that would provide continuous monitoring of plant and equipment at 1,000

altes, many of them remote and unattended.

The service water in louse, systems and software to run 200 outstations, a project worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25m, by June of 1985. It is now working on phase two, a contract worth £1.25

sites, many of them remote and unattended.

Through the use of radio, public switched talephone network and private circuit links, it had and private circuit links, it had to trigger alarms if there was any deviation from the norm. So if, for instance, a burst main emptied a water tank, a message would fiash up on the screen of a divisional manager in minutes. Norwich Division also wanted a system which was flexible enough to run either from its control room or from one of its, district offices or any combina-

ERENCE

district offices or any combina-tion of those possibilities, and that could send information to the outstations as well as receive it. It wanted to use the information gathered to provide water consumption and opera-

wher consistions.
Within that overall brief, some parameters were set. The division wanted the system based at its headquarters in the system. Norwich, set the figure of 1,000 out-stations and knew where it wanted the three radio scanners'

integral to the system located.
"It is a feature of turnkey projects that you often send out. a document a couple of inches thick and get another document back of equal thickness telling you what they have allowed for,

says Mr Adams. Anglian invited companies that specialised in a variety of areas ranging from instrumentation to software to tender for the contract. Simply selecting

The difficulty and expense of finding and keeping data processing staff also weigh in on the side of turnkey suppliers. "The tendency in the market to look for a third party for more rather than less help is burgeoning as part of the frustration that companies feel when they can't maintain what they've got because of a desperate shortage of staff," says Ronald age of staff," says Ronald Yearsley director of Business

This combination of factors points to healthy growth in this area of the software and services market. International Data Corporation (IDC), the market research group, predicts that sales of package software used as part of turnkey systems in the UK will grow by an average of 25 per cent a year to reach \$632m in 1991, up from \$166m in 1985.

Western Europe in general shows much the same trends. Packaged software as part of turnkey systems was worth \$842m in 1985 and is expected to grow by an average of 27 per cent per year to \$3.564bn by 1991, according to IDC.

Within this overall growth there are likely to be some changes in the nature of the turnkey projects. In the past many were done on a com-pletely custom basis. When that began to prove too expensive the balance swung to the use of packages. But that approach

operate that way."

In fact, while the project has been running the Norwich Division has doubled the size of the systems staff. These people are needed to run the system as it is installed. They were also crucial to its development. Logica installed the hardware and software but the Norwich division had to supply all the basic information with which the system was to work.

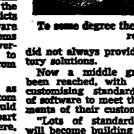
tem was to work.

"We had to create a series of 2,000-odd pictures that give us all the information that we need," he says.

In-house staff were also neces sary to supervise the project.
"We needed those people to
make sure that we were getting what we needed," says Mr Adams. "Not that Logics would seek to do otherwise, but you don't want them to do a lot of work and you to incur a lot of expense and then discover of expense and then discover that it doesn't do what you

Want" Both sides have successfully completed their sides of the first phase of the project, with the result that Norwich now not only has an alarm system but an account the management. but an easy-to-use manag

Now as much as ever, Mr Adams is convinced that a turnkey project was the best way to achieve the results Anglian Water was looking for. Logica has the systems expertise, we've got the operational expertise and we think that a turnkey con-tract is the best way of securing a marriage between the two."



Williams, (London).

To some degree the success of turnkey projects will always rest with the customers. As it is many suppliers regard the term turnkey as misleading, since it conveys the impression that all the customer has to do is wait until he is presented with a key which will set the whole thing running.

It is not as though they can blace an order and leave it to



To some degree the success of turnkey operations will always rost with the customers.

ments of their customers.

"Lots of standard products will become building blocks towards end user systems that there needs to be a continuing development there needs to be a continuing development there needs to be a continuing divisional director at Fraser williams, (London).

To some degree the success of turnkey projects will always make a successful turnkey pro-

did not always provide satisfac-tory solutions.

Now a middle ground has basis," says John Leighfield, chairman and chief executive of Istel, which specialises in manu-

> make a successful turnkey pro-ject has caused problems in the past. A review of government procedures has caused problems in the past. A review of govern-carried out jointly by the Cen-tral Computer and Telecommunications Agency and the trade association for the software industry, the Computer Services

not adequately define the prob-lem that they were trying to solve, and then failed to recog-nise their responsibilities. At the same time, contractors tended to underestimate the likely effort and cost involved. The working group that did the raview has recommended store. review has recommended to meet those difficulties. Although such problems are

true of non-government cus-tomers as well, turnkey sup-pliers expect the nature of the projects that they are taking on to mean that they will be work-ing even more closely with their

customers.

"Turnkey might not be right word in the future," says Dr Poter Partington, general manager for the public services sector at Data Logic. "A number of clients want to do more collaboration to get over a peak in the workload. They buy-in expertise, get the technology transfer, but know that their own staff will get the expertise to carry on developing it."

Software and systems houses expect to benefit as more com-

Software and systems houses expect to benefit as more competition along with it, as for the first time, hardware manufacturers move into this area. The software industry is confident that the experience that it has built up over the years will insure that it maintains its edge, however.

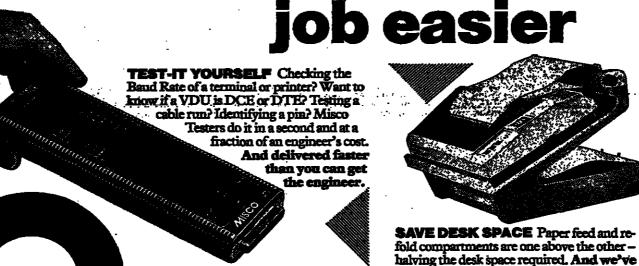
"What we believe will happen is that instead of turning to hardware suppliers in the first instance, customers will turn to systems houses to provide a

systems houses to provide a solution," says Doug Eyelons, director general of the CSA.

SOFTWAR Competitive pressures call for competitive answers, particularly in making optimum use of technology. TRAINING Over half of the top 1,000 companies in Europe have used one or more of the products and services of BIS. BIS employs 1400 people including over 400 outside the UK. Talk to Roger Graham, Group Managing Director, Business Intelligence Services Limited, York House, 199 Westminster Bridge Road, ondon SE1 7UT. Tel: 01-928 9511. BIS is a leading £60 million Information Technology and

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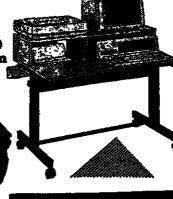
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Moving on to centre stage

"STRATEGY" is a key term in demands an impartial view, and Arthur Young, and Price Water-today's software industry. Every can be done better by an out-house can claim to offer similar design and methodology services. In the case of interactional views the research of the case of interactional views.

Programming services have moved to the centre-stage of many large corporations. The paranoia about strategy is justified, especially where large the consultancy has become a companies support dozens of departmental computer facilidepartmental computer that the which have grown up without any reference to the all-powerful central mainframe.

The problem is magnified in Where data processing used to be a parochial concern, it has now become everybody's business development manager of Logica Consultancy Ltd.

Companies such as Logica operations.

defined by the power and flexi-bility of their computer ser-vices. The "hole-in-the-wall" cash dispensers provide one highly-visible example of a service made possible by com-

in the City known as the Big Bang is a more far-reaching example of how outside factors have forced large organisations to overhaul their computer

fairly easy area to define in the context of software. It meant that computer users of all levels, from the first-time Personal Computer user to the mightiest of multi-nationals, bought in specialist expertise

to help them make a specific decision about a system.

The word "services" ex-pands the field: consultancies no longer talk of individual data processing projects and systems. They have grown with the computing services industry and now claim to offer complete These are as much to do

with management as they are with computing: in fact the aim the company's business and turn data processing from a cost turn data processing from the data processing from a cost turn data proc

company is terrified of being caught in an uncontrollable systems avalanche of missing out on market opportunities; of getting trapped in a backstream where their computer services are isolated, incommunicado, because no one took a long-term view when planning in-house systems.

side consultant.

In the case of international vices. In recent years they have put a foot in the door by offering strategic studies and reports for major clients. So far they've made a good business out of selling advice, but their entry into a lucrative market is viewed askance by the traditional computer companies.

sort of computer services care-taker and overseer. "We're anxious to raise our profile from the strictly technical both in the UK and internationally," said Mike Watkins.

ness, as vital to operations as transport or telephones.

In some organisations, such as banks, the range of services they are able to offer is actually defined by the power and dead.

Integration

Watkins uses the word "integration" to describe the support of clients' operations across different countries, different computer kit, and under an unpredictable variety of government laws and regulations on such factors as communica-

national operations gives us an edge over the newcomers," he

made by major companies centre on a database environment. or the choice of an "inte-grated" applications environ-ment. This has become a management concern, rather than a purely technical matter.

The traditional "mainline" computer consultancies, such as CAP, Logica, SDL, Hoskyns, and BIS, have always stressed management as the key to suc-cessful computer implementation, but they are now facing competition from the large accountancy firms.

Many computer companies

complained that the audit firms "charged the earth for comparative database studies—about £100,000—then left the client to make the final decision and implement it."

In the meantime the traditional consultancies can still capitalise on their technical background. Nick Blakeney Edwards, of Hoskyns, draws a clear distinction between the various types of services: "We see ourselves as field-of-play, rather than touchline advisers. The difference between the Big Eight and ourselves is that we are doing all the things we advise ourselves.

"That's a strength, but it's also a disadvantage in that we work hard to maintain independence on the services side from our products; we would never survive if the clients thought they were not getting dispassionate advice."

"Lack of implementation experience" is a charge which many of the traditional consultaucies make about the audit firms. Most do not believe that the accountancy firms can truly separate their long-term strategy studies from audit business, nor impartial advice.

"We do not believe that the large IT consultancies could come up with a radical or novel computer solution for fear of rocking the audit boat," says Mike Broddle of DCE Computer in Holland, but grew with such customers as Royal Dutch Shell, and now has branches in New York, and the UK, where it is researching the effectiveness of information management in a joint project with the Cranfield Institute

fict of interests between the auditing and consultancy in the large accountancy was raised in Trade and Industry in the wake of EEC directives. It is likely to broaden the discussion, and if the DTI finds

evidence of abuse of privilege, it may well force the firms to lop off their consultancy arms. In the US, a similar enquiry is proceeding under Justice Dingell, but few have hopes of

The Big Eight are capable of lusty defence, especially when charged with inexperience by the computer specialists. "No-one's been in the software business longer," says David

Andrews, a partner at Arthur Andersen. "We've been implementing systems since 1957, so it's ill-informed and ous to suggest we are sed. As for the audit business giving us an unfair advantage, we see it as neutral: between 5 per cent and 10 per cent of our business comes from the audit side. People come to us because of the breadth of

sultants is that they, with their specific computer expertise, can

tion systems and technology needs to be directly supportive of a corporation's business strategy. Our duty is to make sure that computer services are directly associated with the business, to make it more effec-tive, more competitive, and

Margaret Coffey



Micro-mainframe links

There are no magic solutions

TO THE untutored, the task says Richard Dearmun, com-of linking a microcomputer on mercial manager at dealer First a manager's deak to the com-pany mainframe might not look very daunting; the exchange of very difficult." information is, after all, what Because personal computers computers are all about. Add are a relatively late arrival on to that the fact that there are the data processing scene, the numerous products that advertise themselves as micro-to-gies that have evolved at many to see where the difficulty lies. But although such products have been around for some three years now, if is still a confused market, with the result that many companies are

"At the moment only about using it in local applications. It's a long, hard road," says Dr Stephen Norman, managing director of Direct Technology, a company whose Automator product is designed to simplify micro-to-mainframe links. "The biggest problem is not the tech-nology, but getting people to use it because they find it be-villed in the cause they find it be-The reason for this is fairly straightforward. "Connecting

companies are not designed to comfortably accommodate them. As a result, the users who want the information often find that instead of the simple press of a key that they imagined a considerable effort is involved.

Even when the data arrives it often comes in an unfamiliar form because when the system was set up no one envisaged that it would be put to such a processing (DP) departments, many of which are wary of micro to mainframe links because they do not want to lose control of the information resident in the mainframe and because they see them eating up

ment from a variety of manu-facturers the problems can be mind-boggling

processing department has to cut its way through a lot of possibilities."

mainframe link covers a multi-tude of products, some of which have about as much in common as a bicycle and a Rolls Royce. At the most basic end of the spectrum are the devices that make a mainframe computer think that a PC is one of its own terminals. On their own, these are not much use to a user who wants to put information held on a file on the mainframe onto

familiar form. The next step up file transfer packages, which actually move files down to the PC, but since those files were designed for mainframes they may not be of much use to the

categories are likely to require a good deal of work from the DP department to put infor-mation into a usable form for

MAINTENANCE coss

INFORMATION ENGINEERING-

people and paper contrives to mean that performance problems will never go away. The environments that JMA look at now

anticipate that project teams of twenty plus people will be developing large online computer systems without the immediate availability of mainframe dictionary

encyclopaedia capabilities. Without the certain knowledge that this co-ordination

vehicle is both available and comprehensive enough to manage both the size of the project

and the intricacies of code generation, potential

Code Generation

JMA's code generation facility which is already providing between 43 and 89% productivity

leading international computer manufacturer)

Today JMA can provide these benefits from

AUTOMATIC CODE GENERATION

lems. "Everyone's getting in priority, have come up with Douglas Information Systems, on the act," comments David more sophisticated products for instance, has used it in its Flint, principal consultant at that aim to do some of that new product, RealLink, determination technology consultant at work automatically.

Declared such as the Answer close equivalents to its main-Series from Sterling Software International and FQS

(Friendly Query System) from Thorn Emi Computer Software fall into this category. There is a further division within these groups. Some products, such as Goldengate from Cullinet and Expert Link from MSA, only work with

Another group has been designed to move data from PCs onto the mainframe. Based on the notion of a "virtual

Link create what looks to the fact, a file on the mainframe. "It gives you much more flexibility," says John Paton, UK marketing manager for Thorn Emi Computer Software.
"It gives you more drives on your PC and it allows data to be shared by other people."

vide magic solutions. "It's a case of linking building blocks fact have got to decide how much effort they are willing to invest before they select a pro-duct. And when it comes down to it, the dictates of their system may well mean that despite

the large number of products available there is not a lot to "We didn't have a great deal products were not what we wanted," says Neil Rogers, systems manager at pharmaceuti-cals company Warner Lambert "Most of them wanted the MIS department to do 2 lot of work which sort of defeated the pur

Claire Gooding

The James Martin Associates answer to D.P. Productivity



Can you wait for the unveiling?

JMA can promise the happy MIS manager shown in the righthand picture that he will stop losing his hair when he sees what the Group can do for his organisation today. "The Analyst Workbench field is one

notorlously over promised and under delivered wrote a well-known British journalist in the Computer press recently. This applies to the 4GL productivity environment as

Those of us old enough to remember Bob Hope starring in "Paleface" will recognise the problems. Progressing through a Saloon to face the fastest gun in the West, he received different advice with every step. As he exited through the swing doors trying to follow all the different advice - his trousers fell down. The recent AT Keamey report differentiates between "leading edge" and "lagging" companies through their use of information Technology. Leading edge companies are all concerned with the use of new methods for

What should these organisations be looking for and what is available now? The JMA Group of Companies provide immediate solutions. The Group is taking a large number of leading edge companies along a clearly defined route into the forseeable Fifth

Information Engineering Information Engineering

JMA's Chairman, James Martin and Clive

Finklestein coined this generic term in 1981.

Ian Palmer, the JMA Group Technical Director is
well known by methodology experts as "the
father of Entity Modelling" which he developed
in 1974. The JMA Group has built upon this
unique expertise and fully developed a
methodology with automation as the byword.

Ian Palmer has worked with lames Martin on

lan Palmer has worked with James Martin on the "how to" rather than the "what". Only from JMA is a full set of methodology guides to all aspects of Information
Engineering available. These guides distil the consolidated expentise of JMA's one hundred. and fifty plus professional consultants and represent hundreds of man years of project.

ragement experience. The Misconception

It is falsely believed that Information Engineering forces an organisation to change current methodology uses. It can be as readily used by advocates of Yourdon, LBMS, Jackson, Warnier Orr or any other methodologies.
The JMA Information Engineering
Methodology has been adopted by three of the
world's major computer manufacturers and one of the Big Eight accountancy groups. JMA consultants have successfully installed this system development methodology in more than one hundred of the Fortune 1000

Catting Maintenance Costs One of the biggest single inhibitors to new development of systems which are geared to provide information to help run the business, is the high percentage of the DP budget which is spent in maintaining out of date Cobol programs.

fully re-structure Cobol systems and are showing users savings of between 20%-40% of maintenance costs. They may be used in-house

A Workbench

purchasers must beware.

existing, proven technology.

gains in some of the world's leading corporations (and has been chosen by a

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JMA can show you the picture now! hardware, response times still remain a problem. Consequently, the escalaring cost of

One of the cries that JMA hear so often in carrying out many Smategy Planning projects for major corporations is "what on earth do I do with my current huge investment in Cobol operational systems?"

JMA have automated tools available which

or on a service basis.

As it stands now, a Workbench is the tip of the iceberg. It is difficult to justify huge productivity gains in the analysis stage, when the resultant product does nothing to clear the application backlog. Logically, the faster the analysis, the more the application backlog

analysis, the more the application packing builds up.

Without the immediate knowledge that code generation is available, leading edge companies must be wary of the courses they are steering. Unfortunately, whilst we continue to see an incredible decrease in the price of

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is available now - what more can be said!

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pattnership with one of the most innovarive pamership with one or the most innovative computer manufacturers in the world, the Group is achieving large productivity gains with leading edge companies now. These organisations are confident that JMA will take them into the world of antificial intelligence with maximum practicality.

with maximum practicality.

Under one of the largest AI contracts issued by Esprit, JMA are building a complete AI environment for the production of a new generation of computer systems to keep them ahead in the late 80's and early 90's. All JMA clients will have access to that advanced

A day's viewing of the full picture must be an investment worth making. Why not contact your local IMA office and speak to the words leading Information

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